URIGINAL



John E. Dougherty 2 PO Box 501 3 Rimrock, AZ 86335 4 Complainant & Intervenor 5 BEFORE THE ARIZONA CORPORATION COMMISSION 6 7 8 9 **COMMISSIONERS** 10 11 **BOB STUMP-Chairman GARY PIERCE** 12 **BOB BURNS** 13 SUSAN BITTER SMITH 14 15 **BRENDA BURNS** 16 17 IN THE MATTER OF THE APPLICATION OF W-04254A-12-0204 18 MONTEZUMA RIMROCK WATER COMPANY, 19 LLC FOR APPROVAL OF FINANCING TO 20 INSTALL A WATER LINE FROM THE WELL ON 21 TIEMAN TO WELL NO. 1 ON TOWERS 22. 23 IN THE MATTER OF THE APPLICATION OF W-04254A-12-0205 24 25 MONTEZUMA RIMROCK WATER COMPANY, LLC FOR APPROVAL OF FINANCING TO 26 PURCHASE THE WELL NO. 4 SITE AND THE 27 28 COMPANY VEHICLE. 29 IN THE MATTER OF THE APPLICATION OF W-04254A-12-0206 30 MONTEZUMA RIMROCK WATER COMPANY. 31 LLC FOR APPROVAL OF FINANCING FOR AN 32 8,000-GALLON HYDRO-PNEUMATIC TANK 33 34 W-04254A-12-0207 IN THE MATTER OF THE RATE 35 APPLICATION OF MONTEZUMA RIMROCK 36 WATER COMPANY, LLC. 37 38 W-04254A-11-0323 JOHN E. DOUGHERTY, 39 40 COMPLAINANT, 41 V. 42 MONTEZUMA RIMROCK WATER COMPANY, LLC, 43 44 RESPONDENT. 45 Arizona Corporation Commission 46 DOCKETED 47 48 49 APR 1 5 2013 ċċ DOCKETED BY

W-04254A-08-0361 IN THE MATTER OF THE APPLICATION OF 1 MONTEZUMA RIMROCK WATER 2 3 COMPANY, LLC FOR APPROVAL OF A 4 RATE INCREASE. 5 6 IN THE MATTER OF THE APPLICATION OF W-04254A-08-0362 7 MONTEZUMA RIMROCK WATER 8 COMPANY, LLC FOR APPROVAL OF A 9 FINANCING APPLICATION. 10 STATEMENT OF FACTS IN SUPPORT OF 11 INTERVENOR/COMPLAINANT'S MOTION 12 FOR PARTIAL SUMMARY JUDGMENT 13 14 Pursuant to Rule 56(c)(2), Ariz. R. Civ. P., Intervenor/Complainant submits this separate 15 statement of facts in support of its Motion for Partial Summary Judgment. 16 17 18 1. On January 4, 2012, the Administrative Law Judge issued a Procedural Order in W-04254A-08-0361, W-04254A-08-0362 stating: "IT IS FURTHER ORDERED that 19 Montezuma Rimrock shall file copies of any and all written lease documents for the 20 21 arsenic treatment plant and building as soon as such documents come into Montezuma Rimrock's possession and shall provide courtesy copies of those documents to Mr. 22 Dougherty and Staff through electronic mail." 23 24 25 2. On March 12, 2012, the Administrative Law Judge issued a Procedural Order in Docket W-4254A-08-361, W-4254A-08-362 stating "that if Montezuma has executed 26 any contractual documents related to purchase, construction installation, operation or 27 28 maintenance of an arsenic treatment facility to treat the water from its Well #1 and/or Well #4, Montezuma shall, by March 30, 2012, file a copy of all such contractual 29 documents in this docket." 30 31 32 3. On April 9, 2012, the Administrative Law Judge issued the following Procedural Order in Docket W-4254A-08-361, W-4254A-08-362: "IT IS FURTHER ORDERED that 33 34 Montezuma, through counsel, shall, by April 13, 2012, file complete copies of any and all agreements that have been executed by Ms. Olsen individually or for 35 Montezuma, for the purpose of Montezuma's obtaining arsenic treatment for its water 36 37 supply." 38 39 4. On April 13, 2012, Montezuma's counsel docketed copies of two lease agreements in Docket W-4254A-08-361, W-4254A-08-362. Page of 1 of a March 16, 2012 lease 40 agreement between Ms. Patricia Olsen, personally, and Nile River Leasing LLC for an 41 Arsenic Treatment Building and Page 1 of a March 16, 2012 lease agreement between 42 Ms. Olsen and Nile River for Arsenic Treatment Facility. (Exhibit 1) 43 44 45 5. On April 27 2012, Montezuma's counsel docketed a legal brief that addressed in part

the March 16, 2012 lease agreements signed by Mrs. Olsen. Counsel concludes that "no

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approval of the Corporation Commission is required" for the lease agreements with Nile River. (April 27, 2012, Wiley Legal Brief, Page 2, line 8)

6. Notwithstanding the Company's docketing of the March 16, 2012 lease agreements between Ms. Olsen and Nile River, and Counsel's April 27 legal brief, Montezuma, rather than Ms. Olsen, signed two Capital lease agreements on March 22, 2012.

The Company signed a Capital lease agreement on March 22, 2012 with Nile River Leasing for the Arsenic building. (Exhibit 2) The Company signed a Capital lease agreement on March 22, 2012 with Financial Pacific Leasing LLC for the Arsenic Treatment Facility. (Exhibit 3)

7. Montezuma has never docketed the true and complete March 22, 2012 Capital lease agreements with Nile River and Financial Pacific.

8. Accounting Standards Codification ("ASC"), a codification of Generally Accepted Accounting Principals ("GAAP"), provides under ASC 840 a test for whether a lease is a Capital lease or an Operating lease. Under the ASC 840 if a lease satisfies any one of four criteria, it is a Capital lease. The considerations are (1) the lease conveys ownership to the lessee at the end of the lease term; (2) The lessee has an option to purchase the asset at a bargain price at the end of the lease term; (3) the term of the lease is 75 percent or more of the economic life of the asset; and (4) the present value of the rents, using the lessee's incremental borrowing rate, is 90 percent or more of the fair market value of the asset.

9. The March 22, 2012 lease between Nile River and the Company is a Capital Lease because it includes a Rider that provides the Company an option to purchase the building for \$1 at the end of lease period, thereby meeting ASC 840 Criteria (2). (Exhibit 2, Page 3)

10. The March 22, 2012 lease between Financial Pacific and the Company is a Capital lease because it includes a clause for an "Option Price/Guarantee Purchase for \$1."
Paragraph 8 of the agreement states: "If the Option Price is stated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so." Therefore, the lease meets ASC 840 Criteria (1) as a Capital Lease because the lease conveys ownership to the lessee at the end of the lease term. (Exhibit 3)

11. On or about October 25, 2012, Montezuma filed an incomplete copy of the March 22, 2012 lease agreement between the Company and Nile River in Docket W-4254A-12-0204 et Seq. The Company did not include the second page of the lease agreement and Rider 2 of the agreement that provides the option to purchase the building for \$1 at the conclusion of the lease. (Exhibit 4, Pages 2,3)

12. On or about October 25, 2012, Montezuma filed an incomplete copy of an
 unauthorized Capital lease agreement with Financial Pacific Leasing dated May 2, 2012.

The Company did not include page 5 of the agreement, which shows the actual date the lease was signed was March 22, 2012. (Exhibit 4, Pages 4-7)

13. On March 1, 2013, Nile River principle John Torbenson signed an affidavit stating that Nile River did not enter into a March 16, 2012 lease agreement with Ms. Olsen for an Arsenic Building. On March 1, 2013, Nile River principle John Torbenson signed an affidavit stating that Nile River did not enter into a March 16, 2012 lease agreement with Ms. Olsen for an Arsenic Treatment Facility.

Mr. Torbenson stated he is the only person authorized to enter into leases, that Nile River does not enter into leases with individuals, that the company did not enter into the two lease agreements with Ms. Olsen and that the signature of a "Robin Richards" that appears on behalf of Nile River is not Ms. Richards' signature. (Exhibit 5)

14. On March 8, 2013, Nile River administrative assistant Robin Richards signed an affidavit stating that she is <u>not</u> authorized to sign lease agreements, that she did not sign the two March 16 lease agreements between Nile River and Ms. Olsen and that the signature that appears on the lease agreements to be that of "Robin Richards" is not her signature. (Exhibit 6)

15. On March 21, 2013, Intervenor/Complainant docketed a March 7, 2013 letter from the legal department of Financial Pacific Leasing stating that Financial Pacific did not enter into a lease agreement with Montezuma Rimrock dated May 2, 2012. Financial Pacific's letter further states that Financial Pacific signed the lease agreement with Montezuma Rimrock on or about March 22, 2012.

 The Financial Pacific letter also states the March 22, 2012 lease is the "only lease agreement we have on file for Montezuma Rimrock." Finally, the letter states that a copy of the May 2, 2012 lease agreement docketed by the Company that was sent to Financial Pacific by Intervenor/Complainant "appears to be an unauthorized modified version of the original." (Exhibit 7)

16. On March 21, 2013 Intervenor/Complainant received a letter from Financial Pacific legal department correcting a typographical error in the March 7, 2013 cover letter correcting an erroneous date of "4/22/12" that appears in paragraph 1, line 4 to "4/2/12." (Exhibit 8)

38 Dated this 15th Day of April, 2013,

> 42 John E. Dougherty

43 Intervenor/Complainant

Copies of the foregoing Mailed/Hand Delivered

This 15th Day of April, 2013 to:

1		
2		
3	Todd C. Wiley	Janice Alward
4	3003 N. Central Ave.	Arizona Corporation Commission
5	Suite 2600	1200 W. Washington St.
6	Phoenix, AZ 85012	Phoenix, AZ 85007
7		
8	Patricia D. Olsen, Manager	Steve Olea
9	Montezuma Rimrock Water Company	Arizona Corporation Commission
10	PO Box 10	1200 W. Washington St.
11	Rimrock AZ 86335	Phoenix, AZ 85007
12		
13	Lyn Farmer	
14	Arizona Corporation Commission	
15	1200 W. Washington St.	
16	Phoenix, AZ 85007	
17		
18		

Lessor: NILB RIVER 9526 N. 46 ^{TB} PHORNIX, A. Ph. (480) 607-	37. Z. 85028				Lease Number
Pull Legal Name and Place of Business of Lasco					of principal residence, Y
Quantity	Description	, Model #, Cotalo	g M. Serial M. or	r other Identific	stice
Equipment Leased	> 1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET.				
Equipment Location # Different	>4599 E. GOLDMINE RD., RIMROC	K, AZ 86335		in the second	
Terms >	Amount of Each Payment (plus Bales or Use Tax, if applicable) Sales or Use Tax, if applicable) Specify: Amount of Each Payment No. of Payment Payme				

TERMS AND CONDITIONS OF LEAST.

- 1. IEASS. Leave hunty leage from Lance, and Lance teates to Leave, the equipment and other property described above, together with any replacement parts, additions, repeter are accounted now or hereafter heavy-going in or affined fapout (horsinellar pulsated to as the "Spaigneng").
- 2. ACCEPTANCS OF EQUENCIAL Leaves in many to impact the Manipulated and to mainte an Action singlement and Acceptance of Equipment by Leaves action, as provided by Leaves, other the Septement has been delivered and other Leaves it related that the Replacement is noticed that the Replacement is not with leaves and to the Replacement.
- 2. DISLABGE OF WARRANTIES AND CLARGE LIGITATION OF REMEMBER. THERE ARE NO WARRANTIES BY OR ON BERIALF OF LESSOR, Lesses astro-whickers and agreed by the signature below-at figures. (a) LESSOR MAKES NO WARRANTIES RITHER EUFFRESSIO OR BAFLED AS TO THE COMMITTON OF THE SQUEMENT, ITS MERCHANTABILITY, ITS FITHERS OR SUTTABLITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE SQUEMENT; (b) Lesses has they improved the Represent to the second souther and bear to the sense, and the Represent is in good condition and to Lesses's complete mainfaction; (c) Lesses into the Equipment "as is" and with all faults; (d) Lesses specifically acknowledges that the Equipment is lessed to Lesses solely-for commercial or beariness purposes and not fix personal, family, household, or explanded upposes; (e) LESSES SHALL HAVE NO REMEMBY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES. AGAINST LESSOR; and (i) NODEFECT, DAMAGE, OR INSTITUTES OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSES OF THE OBLIGATION TO PAY PENT OR RELIEVE LESSES OF ANY OTHER COLLECTION UNDER THIS LEASE.
- 4. Assignment by leases prohibited. Without leason's prior written consent, lesses shall not asson this lease or sublease the equipment or any interest therein, or pleage or transfer this lease, or otherwise dispose of the equipment covered hereby.
- 5. CORMENCEMENT, RENTALPAYMENTS: INTERIM RENTALS. The Lesses shall excess some common successful to the second shall end upon the full performance and observance by Lesses of each and every term, condition and coverance at furth in the Lesse, my Schedules hearts and my extensions lesses? Rental payments shall be in the amounts and frequency as set forth on the fixes of this Lesse or my Schedules hereto. In addition to regular rentals, Lesses shall pay to Lessor interiar rent shall be in an amount of softly of the months of days other investments that the flag imment prior to the due date of the first poyment. Interim rent shall be in an amount open to 10.50th of the monthly rental, multiplied by the number of days other physical performance the date in which the Equipment in accepted by Lesses and the commentment dates of the first payment. The payment of interim rent shall be due and payable upon Lesses's receipt of invoke from Lesses. The rental period under the Lesse shall remainste following the last day of the term stated on the first payment. The payment of interim rent shall be due and payable upon Lesses's receipt of invoke from Lesses. The rental period under the Lesses shall remainste following the last day of the term stated on the first payment, in any Schedule hereto unless mach Lesses of Schedule has been authentical or there's many schedule hereto unless when the lesses are shall be an any schedule hereto unless and Lesses the Equipment, for whether reason, is not delivered to Lesses within wheaty (90) days after Lesses signs this Lesses.

THUS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSER.

LBSSER UNBERTSTANDS AND ACCOMMEDICES THAT NO BROKER, OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF ANY EROKER OR SUPPLIER, IS ANY SALESMAN, BROKER, OR AGENT OF ANY EROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR COMMITTED BY THE BROKER, AND NO BEPRESENTATION AS TO THE BOUNDAMY OR ANY OTHER MATTER BY THE BROKER, OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSES'S DUTY TO PAY THE BENTALS AND TO PERFORM LESSES'S OBLIGATIONS SET FORTH IN THE LEASE.

- 6. CRONCE OF LAW. This Lease shall not be effective until signed by Leaser at its principal office lineal above. This Lease shall be considered to have been made in the State of Arisons and shall be interpreted in recordance with the laws and regulations of the State of Arisons. Leases agrees to furnished on this State of Arisons in any socion, sult, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Leases agrees that venue shall be assistanted in Maricona County, Arisona.
- 7. SECURITY DEPOSIT. As secrety for the prompt and complete payment of the accounts due under this Lesse, and Lesses's complete perficinguous of all its obligations under this Lesse; and any expansion or reasonal lesses. Lesses has deposited with Lesses the acquaint set forth in the section shows as "Security Deposit." in the event any declarit shall be made in the performance of any Lesses's obligations under this Lesse, Lesses that pick have the pick, but shall not be obligated, to apply the security deposit to the curing of good default. Within 15 days after Lesses must necessary deposits to the security deposit to the full success security deposits of the full success the full success to the full success the full success. On the explanation or exceedables of the full success that the full success thas been success to success the full success the full success the
- 2. LEMITED PRHARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY, in the sweat R is storage yn mound the territs of the Lease to relicute a change in one or more of the following conditions: (a) Leaser's actual cost of providing the Equipment to Leaser, or (b) A change in restal payments, or (c) Description of the Equipment, then Leases agrees that any such amendances that lie described in a leaser from Leaser to Leaser to Leaser to Leaser to Leaser to Leaser that lie described in a leaser from Leaser to the set of originally set first. Leaser grants to Leaser of strongs for Leaser to use as follows: (i) Leaser may sign and file on Leaser's behalf any document Leaser deems measures y is perfect or probable Leaser's injurent in the Equipment or purtuent to the Uniform Commercial Code, and (ii) Leaser may sign, endeate or negotiate for Leaser's behalf any instrument representing proceeds from any policy of insurance covering the Equipment.
- 9. LOCATION. The Resignment shall be impt at the location specified above, or, if some is specified, at Leasee's address as set forth above and shall not be removed without Leasee's prior written constant. Notwithstanding this provision, should Leasee change the location of the Equipment without first obtaining Leaser's consent, then Leasee shall immediately provide Leases with the new location of the Equipment.
- 10. USS. Leaves shall use the Equipment in a careful measure, suche as accountry repairs at Leaves's experime, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Leaves's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Leaves.
- 11. OWNERSHIP; PERSONALTY. The Equipment is, and shall requals, the property of Lessor, and Lessoe shall have no right, title, or interest in the Equipment except as expressly set forth in . . this Lesso.

LESSES ACKNOWLEDGEMENTS. Lesses scienowindges the following: (a) Lesses's fall and socients legal mana is as provided on page one of this Lesse. (b) Lesses is a composition ()/partnership()/mid/wideal (); (e) Lesses is (if no organization) duly organized, validly existing and in good standing under the less of the jurisdiction set forth on page one of this Lesse.

LESSOR: NILE HIVER LEASING, L.L.C.

1 There 7 1940

Des 3-16-2012

3834-0

Lessor: NILE RIVER I 9526 N. 46 TH	LRASING, L.L.C.				Lease Number
PHOBNIX, A2 Ph. (480) 607-	85028				>
Quantity	Description	, Model #, Catalog	#, Serial #, or	other Identific	ation
Equipment Leased	> I - ARSENIC REMOVAL WATER TANKS, PIPING COMPONEN	TREATMENT ST TS, ENGINEERIN	/STEM 3, START-UP :	BIC.	real of the second of the seco
Equipment Location . If Different	>4599 B. GOLDMINE RD., RIMROC	K, AZ 86335	:	er er afte a	ender in de la
Tornis	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 1,058.18	☐ Mouthly ☐ Other Specify:	Terms of Lease >60	No. of Payments > 60	Advanced

TERMS AND CONDITIONS OF LEASE

- 1. LEASE. Leases hereby leases from Leasur, and Leasur issues to Leases, the equipment and other property described shows, together with any replacement parts, additions, repeirs or accessories new or hereafter indexporated in or afficial thereto (hereins flor reflected to as the "Equipment").
- 2. ACCEPTANCE OF EQUIPMENT, Leaves agrees to impact the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Leaves action, as provided by Leaves, after the Equipment has been delivered and after Leaves it satisfied that the Equipment is satisfactory in every respect. Leaves hereby authorizes Leaver to invest in this Leave so is must be the Equipment.
- 3. DISCLABGER OF WARRANTIES AND CLARGE; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lesses authowisdges and agrees by his signature below as follows: "(a): LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THIS EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT. TO ANY ... CHARACTERISTICS OF THE EQUIPMENT; (b) Lesses has fully impected the Equipment which it has requested Lessor to acquire and lease to Lesses, and the Equipment is in good condition and to Lesses (complete antisfactors); (c) Lesses has fully impected the Equipment which it has requested Lessor to acquire and lesses to Lesses, soldly for commercial or to Lesses approach and not for personal family, household, or agricultural purposes; (c) LESSES SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTIAL DAMAGES.

 AGAINSTLESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSES OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSES OF ANY OTHER OBLIGATION UNDER THIS LEASE.
- 4. ASSIGNMENT BY LESSEE PROHIBITED. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT. OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHER WISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- 5. CCMMENCEMENT; RENTAL PAYMENTS: INTERIMRENTALS. This Lesse shall continue upon the written acceptance hereof by Lesser and shall end upon the fall performance and debarrance by Lessee of each and every term, condition and novement sol forth in this Lesse, any Sokedules hereto and any extensions hereof. Rantal payments shall be in the amounts and frequency as set forth on the fine of this Lesse or any Schedules hereto. In addition to regular rearts, Lesses thall be no Lessor interim read from the use of the Equipment prior to the done due to the fine done of the first payment. In the Equipment is accepted by Lessee and the commercement date of this Lesse, together with the number of days elspains between commercement of the date of the first payment. The payment of interim read shall be due and psychole apon Lessee's noted of the first payment. The prompt of minimal read shall be due and psychole apon Lessee's noted of the first payment. The prompt of minimal read shall be due and psychole apon Lessee's noted of the first payment. The prompt of the first payment of the first payment. The prompt of the first payment of the first payment. The prompt of the first payment of the first payment. The prompt of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of the first payment of the first payment. The prompt of the first payment of

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY EROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSES'S DUTY TO PAY THE RENTALS AND TO PERFORMLESSEE'S DELIGATIONS SET FORTH IN THIS LEASE.

- 6. CHORCE OF LAW. This Lease shall not be effective until signed by Leaser at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and ; shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lease agrees to jurisdiction in the State of Arizona in any action, soit, sublination or proceeding regarding this.

 Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Leasee agrees that vanue shall be maintained in Maricopa County, Arizona.
- 7. SSCIRITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lesse, and Lesses's complete performance of all its obligations under this Lesse, and say automotor or reserval hereof, Lesses has deposited with Lesses the amount set forth in the section shown as "Security Deposit." in the event any default shall be made in the performance of any Lesses's obligations under this Lesse, Lesses shall have the right, but thall not be obligated, to apply the security deposit to the caring of such default. Within 15 days after Lesses made society deposit as the full amount set forth above. On the expination or estimates that Lesses has applied any portion of the security deposit on the full amount set forth above. On the expination or estimates the security deposit of the security deposit on the full amount set forth above. On the expination of the security deposit on the full amount set forth above. On the expination of the security deposit on the
- E. LIMITED PREARRANGED AMENDMENTS: SPECIFIC POWER OF ATTORNEY. In the event it is necessary to assend the terms of the Lease to reflects a change in one or more of the following conditions: (a) Leason's noticed cost of providing the Equipment to Lease, or (b) A chenge in restal payments, or (c) Description of the Equipment, then Leases agrees that any such amendment shall be described in a letter from Leason to Leasee, and unless within 15 days after the date of such letter Leasee objects in writing to Leason, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth, Leases grants to Leason a specific power of afternoy for Leason rous as follows: (i) Leason may sign and file on Leasen's behalf any downment Leasen deems necessary to perfect or protect Leason's interest in the Equipment or pursuant to the Uniform Commercial Code, and (ii) Leason may sign, andorse on negoties the Leason's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
- 9. ... LOCATION. The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessee's prior within consent. Notwithstanding this provision, should Lessee change the focusion of the Equipment without first obtaining Lessoe's consent, then Lessee shall instructively provide Lessee with the new location of the Equipment.
- 10. USE. Lesses shall see the Equipment in a careful manner, make as necessary repairs at Lesses's expense, shall comply with all less relating to its possession; use, or sanistonance, and shall not make any alterations, additions, or improvements made to the Equipment without Lesses's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lesses.
- 11. OWNERSHIP: PERSONALTY. The Equipment is, and shall remain, the property of Lessor, and Lesson shall have no right, title, or interest in the Equipment except as expressly selforth in . this Lesso.

LESSES ACCINCTALEDGEMENTS. Lesses acknowledges the following: (a) Lesses's first and accurate legal name is as provided on page one of this Lesse; (b) Lesses is a corporation.

() /partnership () /individual (); (c) Lesses is (if an organization) duty organized, validly existing and in good standing under the lews of the juxicalisation set forth on page one of this Lesse.

September 1965

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LESSOR: NILE RIVER LEASING, L.L.C.

3001-0

Lessor: NILE RIVER LEASING, L.L.C. 9526 N. 46 TH ST.					Lease Number
PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800					> 61001
Full Legal Name and Place of Business of Lessee > MONTEZUMA RIMROCK WATER COMPANY LLC > PO BOX 10 Place of incorporation or organization or, if an individual, location of principal residence.					
> RIMROCK, AZ 86335 > ARIZONA					
Quantity	Description,	Model #, Catalog	g #, Serial #, or	other Identification	ntion
Equipment Leased	Equipment Leased >1 - ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET				
Equipment Location >4599 E. GOLDMINE RD., RIMROCK, AZ 86335					March Committee (MAR)
Amount of Each Payment (plus Terms Sales or Use Tax, if applicable) Snecify: Amount of Each Payment (plus Other Lease Payments Snecify: >36 >36				Advanced Payment/Security Deposit > \$ 734.46	
>	> \$ 342.09	Specify:	230	1 > 30	2 \$ 134.40 · ·

TERMS AND CONDITIONS OF LEASE

- 1. LEASE. Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the 'Equipment').
- 2. ACCEPTANCE OF EQUIPMENT. Lessee agrees to inspect the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Lessee notice, as provided by Lessor, after the Equipment has been delivered and after Lessee it satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lesse serial numbers or other identifying data with regard to the Equipment.
- 3. DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES BITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT; ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY; OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is in good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, liousehold, or agricultural purpose; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNFITHESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT OR RELIEVE LESSEE OF ANY OTHER OBLIGATION UNDER THIS LEASE.
- 4. ASSIGNMENT BY LESSEE PROHIBITED. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- 5: COMMENCEMENT; RENTAL PAYMENTS; INFERIM RENTALS. This Lease shall commence upon the written acceptance hereoftly Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date, in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between commencement of the Lease and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified, Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

- 6. CHOICE OF LAW. This Lease shall not be effective until signed by Lessor at its principal office listed above, This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lesse agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.
- 7. SECURITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section shown as "Security Deposit." In the event any default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount of any default, Lessee shall restore said security deposit to the full antiount set forth above. On the termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
- 8. LIMITED PREARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend the terms of the Lease to reflects a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee state any such amendments shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign, and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
- 9. LOCATION. The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.
- 10. USE. Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.
- 11. OWNERSHIP; PERSONALTY. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lesse.

LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation ()/partnership ()/individual (); (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: MONTEZUMA RIMROSK WATER COMPANY LLC

Date: 3/22/12

ssor: Mile River Leasing, L.L.C

3824-0

- 12. SURRENDER. By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase same unless said option is incorporated herein by an attached Rider. Upon the expiration or earlier termination or cancellation of this Lease, or in the event of a default under Paragraph 20 hereof, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify.
- 13. RENEWAL. As the expiration of the Lease, Lessee shall return the Equipment in accordance with Paragraph 12 hereof. At Lessor's option, this Lease may be continued on a month-to-month basis until 30 days after Lessee returns the Equipment to Lessor. In the event the Lease is so continued, Lessee shall pay to Lessor rentals in the same periodic amounts as is indicated under the section entitled Amount of Each Payment above.
- 14. LOSS AND DAMAGE. Lessee shall at all times after signing the Lease bear the entire risk loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay fent of to comply with any other obligation under this Lease, in the event-of-damage to any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall immediately place the same in good repair as Lessee sexpense. If Lessee the late any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall, at Lessee's option, do one of the following: (a) Replace the same with like equipment in good repair, acceptable to Lessor, or (b) Pay Lessor in east the following: (i) all amounts due by Lessee to Lessor under this Lease up to the date of the loss; (ii) the accelerated balance of the total amounts due for the remaining term of this Lease attributable to said item, discounted to present value at a discount rate of 6%, as of the date of loss; and (iii) the Lessor's estimate as of the time the Lease was entered into of Lessor's residual-interest in the Equipment, discounted to present value at a discount rate of 6%, as of the date of loss, Upon Lessor's recipt of payment as set forth above. Lessée shall be entitled to receive tille to the Equipment without any warranties. If insurance proceeds are used to fully comply with this subparagraph, the balance of any such proceeds shall be not because for loss of use of the Equipment for the remaining term of the Lease.
- 15. INSURANCE; LIENS; TAXES. Lessee shall provide and maintain insurance against loss, theft, damage, or destruction of the Equipment in an amount not less than the full replacement value of the Equipment, with loss payable to the Lessor. Lessee also shall provide and maintain comprehensive general all-risk liability insurance, including but not limited to product liability coverage, insuffice and the severability of interest endorsement, or its equivalent; against any and all loss or liability for all damages, either to persons or property or otherwise, which might result in or happen in connection with the condition, use, or operation of the Equipment, with such limits and an insurer satisfactory to Lessor. Each policy shall expressly provide that said insurance as to Lessor and its assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be canceled without 30 days prior written notice to Lessor. As to each policy Lessee shall furnish to Lessor accritificate of insurance from the insurer, which certificate shall evidence the insurance coverage required by the paragraph Lessor shall have no obligation to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit, if Lessee fails to provide the insurance, Lessor will have the right, but no obligation, to have such insurance and any oustomary charges or fees of Lessor's or its designee associated with such insurance.

Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances. Lessee shall pay all charges and taxes (local, state, and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment; excluding, however, all taxes on or measured by Lessor's net income. If Lessee fails to pay said charges or taxes, Lessor shall not five he right, but shall not be obligated, to pay such charges or taxes, In that event, Lessor shall notify Lessee of such payment and Lessee shall repay to Lessor the cost thereof within 15 days after such notice is mailed to Lessee.

- 16. INDEMNITY. Lessee shall indemnify Lessor against any claims, actions, damages or liabilities, including all attorney fees incurred out of or connected with the Equipment, without limitation. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee waives any immunity Lessee may have under any industrial insurance act, with regard to indemnification of Lessor.
- 17. ASSIGNMENT BY LESSOR. Any assignee of Lessor shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize and hereby consents to any assignment of the Lease by Lessor, and shall not assert against the assignment of the Lease in the designment of the Lease by Lessor. Subject to the foregoing, this Lease in the benefit of and is binding upon the heirs, devisees, personal representatives, survivors, successors in interest, and assigns of the parties hereto,
- 18. SERVICE CHARGES, INTEREST. If Lessee shall fail to make any payment required by the Lease within 10 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due per month, minimum 25.00 for each month that the payment remains delinquent. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges and travel expenses. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 24% per annum.
- 19. . . TIME OF ESSENCE. Time is of the essence of the Lease, and the provision shall not be impliedly waived by the acceptance on occasion of late or defective performance. . . :
- 20. DEFAULT. Lessee shall be in default if: (a) Lessee shall fail to make any payment due under the terms of this Lease for a period of 10 days from the due date thereof; or (b) Lessee shall fail to observe, keep or perform any other provision of the Lease, and such failure shall continue for a period of 10 days; or (c) Lessee has made any misleading or false statement in connection with application for or performance of the Lease; or (d) The Equipment or any part thereof shall be subject to any lien, levy, seizure, assignment, transfer, bulk transfer encumbrance, application, attacliment, execution, sublease, or sale without prior written consent of Lessor, or (e) Lessee dies or ceases to exist or (f) Lessee defaults on any other entity or person to the use Equipment without the prior written consent of Lessor, or (e) Lessee dies or ceases to exist or (f) Lessee defaults on any other agreement it has with Lessor, or (g) Any guarantor of the Lease defaults on any obligation to Lessor, or any to the above listed events of default occur with respect to any guarantor or any such guarantor files or has filed against it a petition under the bankruptcy laws.
- REMEDIES: If Lessee is in default, Lessor, with or without notice to Lessee, shall have the right to exercise any one or more of the following remedies, concurrently or separately, and without any election of remedies being deemed to have been made: (a) Lessor may enter upon Lessee's premises and, without any court-order or, other process of law, may repossess and remove the Equipment, or render the Equipment unusable without removal, either with or without notice to Lessee. Lessee hereby waives any frespass or right of action for damages by reason of such entry, removal or disabling. Any such repossession shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing; (b) Lessor may require Lessee, at its expense, to return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify; (c). Lessor may cancel or terminate this Lease and may retain any and all prior payments paid by Lessee; (d) Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee, (e) Lessor may re-lease the Equipment, without notice or demand to Lessee, (e) Lessor may re-lease the Equipment, without notice to Lessee, at private or public sale, at which sale Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee, (e) Lessor may re-lease the Equipment, without notice to Lessee, at private or public sale, at which sale Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice to Lessee, at private or public sale, at which sale Lessor may declare all sums due and to become due under the Lease at private or public sale, at which sale Lessor may exercise of Lessor of its right to recover and/or dispose of any Equipment or other collateral securing Lessee's obligations under this Lease, Lessee and agrees as

No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time. No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right of remedy.

- MULTIPLE LESSEES. Lessor may, with the consent of any one of the Lessees hereunder, modify, extend, or change any of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under the Lease.
- 23. EXPENSE OF ENFORCEMENT. In the event of any legal action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including action in bankruptcy court on appeal or review, or incurred without action, suits or proceedings, together with all costs and expenses incurred in pursuit thereof.
- 24. ENTIRE AGREEMENT, NO ORAL MODIFICATIONS; NO WAIVER. This instrument constitutes the entire agreement between Lessor and Lessee. No provision of the Lease shall be modified or rescinded unless in writing signed by a representative of Lessor. Waiver by Lessor of any provision hereof in one instance shall not constitute waiver as to any other instance.
- 25. SEVERABILITY. This Lease is intended to constitute a valid and enforceable legal instrument, and no provision of this Lease that may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect.

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the undersigned, being the duly elected MEMBER of the Company named in the foregoing Lease, hereby certifies that; (a) PATRICIA D. OLSEN, in his/her capacity
s MANAGING MEMBER of the Company, is authorized by the Bylaws or other organizational documents of the Company, or by a resolution duly adopted or other
uthorization properly given by the Board of Directors, the Managers, the Managing Member(s) or the Managing Partner(s) of the Company, as applicable, in accordance with the Bylaws
r other organizational documents of the Company, to negotiate execute and deliver on behalf and in the name of this Company, the Commercial Lease, (b), that such authorization has not
een revoked and continues in full force and effect, (c) that the execution of such documents by such officer shall be conclusive evidence of his/her approval thereof and (d) this Lease and
ich other documents constitute legal and binding obligations of the Company. IN WITNESS WHEREOF, I have affixed my name as MEMBER of the Company on the date set
orth below.

Printed Name
>PATRICIA D. OLSEN

Price Date 3/22/

RIDER NO. 2

To and part of Lease Agreement dated as of the day of work the "Lease"), between NILE RIVER LEASING, L.L.C. its successors and assigns ("Lessor"), and MONTEZUMA RIMROCK WATER COMPANY LLC ("Lessee").

Provided that no Default or Event of Default has then occurred, Lessee shall have the option to purchase, upon the expiration of the original term of this Lease ("Termination Date"), all but not less than all of the Equipment upon the following terms and conditions: If Lessee desires to exercise this option it shall give Lessor written notice of its election to purchase at least thirty (30) days and not more than ninety (90) days before the Termination Date set forth in the Lease. On the Termination Date, Lessee shall pay to Lessor in cash any Rent due on that date plus the purchase price for the Equipment so purchased, determined as hereinafter provided. The purchase price of the Equipment shall be an amount equal to \$1.00 together with all taxes and charges upon sale. Lessor and Lessee agree that the purchase price represents a reasonable prediction of the Fair Market Value of the Equipment at the time the option is exercisable.

NILE RIVER LEASING, L.L.C.

Lessor

Ву:

Name Title: MONTEZUMA RIMROCK WATER COMPANY LLC

Name: PATRICIA D. OLSEN Title: MANAGING MEMBER

DELIVERY AND ACCEPTANCE CERTIFICATE

Re: MONTEZUMA RIMROCK WATER COMPANY LLC

LESSEE: MONTEZUMA BIMROCK WATER COMPANY LLC

Lease No.: 6/00/

To Lessor: NILE RIVER LEASING, L.L.C.

All of the items referred to in the above-referenced Lease have been delivered to and have been received by the undersigned. All installation or other work necessary prior to the use thereof has been completed. Said equipment has been examined and/or tested and is in good operating order and condition, and is in all respects satisfactory to the undersigned and is as represented. Said equipment has been accepted by the undersigned and complies with all terms of the Lease.

In the future, even if the equipment fails to perform as expected or represented, we will continue to honor the above-referenced. Lease by continuing to make our periodic payments in the normal course of business, and we will look solely to the seller or a manufacturer for the performance of all covenants and warranties. In addition, we agree to indemnify and hold harmless and defend the Lessor from such nonperformance of all the aforementioned equipment.

We acknowledge the Lessor is neither the manufacturer, distributor, or seller of all the equipment and has no control, knowledge, or familiarity with the conditioning, capacity, functioning, or other characteristics of the equipment.

NOTICE TO THE LESSEE: DO NOT SIGN THIS ACCEPTANCE UNTIL THE EQUIPMENT HAS BEEN DELIVERED, ASSEMBLED, INSTALLED AND ACCEPTED BY YOU AS SATISFACTORY IN ALL RESPECTS: PAYMENT TO THE SUPPLIER WILL NOT BE MADE UNTIL THIS NOTICE IS SIGNED AND RETURNED TO THE LESSOR.

EQUIPMENT: 1 - ARSENIC BUILDING PLANT - BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10.

Title: MANAGING MEMBER	Date: 5/10/2012
Patricia D. Olsen	and the second of the second
PHONE # (928) 592-9211	·
EMAIL: Patsy @ MontezumaWater.com	
I hereby authorize,	(title) to verbally
verify my/our acceptance of the above-referenced equipment in my absence.	a de la companya de La companya de la co
PHONE # ()	

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LEASE AGREEMENT

This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collateral Agent for the Secured Parties

MONTEZUMA RIMROCK WATER COMPANY LLC BILLING ADDRESS: PO BOX 10 RIMROCK, AZ 86335 COUNTY: YAVAPAI	KEVLOR DESIGN GROUP, LLC 430 FITZGERALD PLACE ATLANTA, GA 30349
QUIPMENT DESCRIPTION (Attach separate Equipment List if	fineeded): New, the Eused Anthony was at a common
 A second control of the control of the	
SEE EQU	IPMENT LIST
and the second of the second o	
QUIPMENT LOCATION. Complete only if Equipment will not be locate	ad at Lessee's address above.
DDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335	
CHEDULE OF LEASE PAYMENTS	en de la companya de Na companya de la co
Lease Term Number of Amount of Each Lease Payment	umber + Administrative + Security = Initial Amount Option.Pr
(Months) Payments Rental Tax Total	ayment(s) Fee Deposit Due Guarante Purchas
60 60 \$1,058.18 \$77.78 \$1,135.96	2 \$420.00 \$0.00 \$2,691.92 \$1.00
evment Due Dete Pro rate rental is calculated as follows: (Monthly F	Rental Payment divided by 30 days = Daily Rate) x (# of Days
1 1st 🔼 15th Between Acceptance Date And First Payment Da	ate) = Total. Pro rata rental is billed on your first invoice.
5/2012 HIS LEASE AGREEMENT ("Lease") IS SUBJECT TO THE TERMS AND	CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES,
F WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOV	WLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING
HIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING	BUNTIL ACCEPTED BY LESSOR. (1975) 7/19 1.1. 1.1. 1.1.
ESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC	LESSOR: FINANCIAL PACIFIC LEASING, LLC
100	Valorius R. O.
PATRICIA D. OLSEN, MEMBER AND INDIVIDUALLY	(Signature Only)
PATRICIA D. OLSEN, WEWDER AND INDIVIDUALLY	O ale
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	Sahna lux.

made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment").

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto and/or to the Equipment are integrated herein. No modification hereof shall be binding unless in writing and signed by Lessor.

CONTINUED ON FOLLOWING PAGES

- 2. LESSEE REPRESENTATIONS. Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to waive or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.
- 3. STATUTORY FINANCE LEASE. Lessee agrees and acknowledges that it is the intent of both parties to this Lease that it qualify as a statutory finance Lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment; and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.

LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.

- 4. ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSOR'S PRIOR WRITTEN CONSENT. LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- 5. APPLICABLE LAW AND VENUE. ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, PERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL. LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND PARTIES TO THE TRANSACTION.
- 6. NO WARRANTY. Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY, DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LEASED 'AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based thereon. In addition, Lessee walves any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to, Lessee's right to (a) cancel or repudiate the Lease; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (d) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.
- 7. TERM. The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lessee requests Lessor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the inspection/Verification Certificate.
- 8. END OF TERM OPTIONS. If the option exists and so long as no Event of Default exists, Lessee may, at the end of the original or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lesse Payments plus any applicable texes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fair market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation of warranty whatsoever.
- 9. LEASE PAYMENT; SECURITY DEPOSIT. The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance Date. Lesses shall pay Lessor said lease payments on or before the due date, at the office of Lessor or to such other person or place as Lessor may designate in writing. Lesses agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit shall remain as security for performance of all the terms and conditions of this Lease. In the event any default shall be made in the performance of any of Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rental called for and fully performed all other provisions of this Lease, Lessor will return to Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
- 10. LATE CHARGES AND COLLECTION CHARGES. A late charge of 10% of the total monthly lease payment; or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional jude charge will be assessed for each month a payment remains unpaid. If Lessee's definquency requires additional collection efforts, a charge will be assessed in accordance with Lessor's collection charge schedule. In addition, Lessee shall be assessed for any charges levied by an outside collection agency following Lessee's default.
- 11. LOCATION AND USE OF EQUIPMENT. Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is leased for commercial or business purposes and not for consumer; personal, home or family purposes.
- 12. SURRENDER OF EQUIPMENT. At the expiration of the term of this lease, or upon demand by Lessor pursuant to Raragraph 19 of this Lease or in the event of an option price pursuant to paragraph 8 of this Lease, Lesse at its expense shall return the Equipment in proper working order, condition and repair by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.
- 13. NOTICES. Services of all notices under this agreement shall be sufficient if given personally or malled to Lessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4568, Federal Way, WA 98063, or to Lessee at Lessee's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

CONTINUED ON FOLLOWING PAGES

intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the Internet, or (d) has been personally delivered.

- 14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, or property damage to any person or party whatsoever, including Lessee, arising out of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such indemnification shall survive the expiration, cancellation, or termination of this Lease. Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any past thereof, Lessee, at the option of the Lessor, shall (a) Replace the same in good condition, repair and working order; or (b) Replace the same, with like property of the same or greater value provided. however, at Lessee's option, the remaining obligation under this Lease can be satisfied by the payment of the remaining unpaid lease payments and the estimated value of the Equipment at the expiration of this Lease, and other amounts due under the Lease, less the net amount of the recovery, if any, actually received by Lessor from insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction of any of the Equipment or total or partial loss of use or possession thereof to Lessee shall not release or relieve Lessee from the duty to pay the lease
- .15 INSURANCE. Lessee, at its own expense, shall keep the Equipment insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all risks of loss or damage, and against such other risks in such amounts as Lessor may specify including liability. insurance, with limits not less than \$500,000 unless lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury) and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and theft, with extended or combined coverage. All insurance policies must provide that no cancellation shall be effective without thirty (30) days prior written notice to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be named as an additional insured, together with receipts for the premiums thereunder. Lessee shall, at the request of Lessor, name as Loss Payee such party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration conducted under the rules of the American Arbitration Association in Seattle, Washington.
- 16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lessee fall to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation without notice to or demand upon Lessee, and without releasing Lessee from any obligation bereunder, to make or do the same and to pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, incur any liability and expend whatever amounts in its absolute discretion it may deem necessary therefore: Should Lesser fall to provide Lessor the policies or evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure insurance on the Egulpment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lessee understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessee as an insured and may not fully protect Lessee's interests. Lessee agrees that, if Lessor secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium that Lessee would pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. The parties agree that any claim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party under this Agreement will, upon demand by either party, be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington; provided however, such agreement does not authorize class arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims arising under this Agreement:
- 17. AUTHORITY TO SIGN, If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18. DEFAULT REMEDIES.

- a) An event of default shall occur if:
 - (1) Lessee falls to pay any Léase installment and such failure continues for a period of ten (10) days;
- (2) Lessee shall fall to perform or observe any covenant, condition or obligation to be performed or observed by it hereunder and such failure: continues uncured for fifteen (15) days; Lessee or any guarantor has made any misleading or false statement, or representation in connection with application for performance of this
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is named in, or the Equipment becomes subjected to a sult for the appointment of a receiver, or any action is taken for the dissolution of Lessee, if Lessee be a corporation;
- (5) If the Equipment is seized or levied upon under any legal or governmental process;
- (6) Lessee attempts to remove, sell, transfer, encumber, part with possession or subjet the Equipment or any item thereof without first obtaining Lessor's consent:
- (7): Lessee or any guarantor defaults in the performance of any obligation owed to Lessor under the provisions of any other agreement with the
- b) Upon the occurrence of an event of default, Lessor shall have the right to exercise any one or more of the following remedies:
- (1) To declare the entire unpaid lease payments and other sums payable by Lessee hereunder to be immediately due and payable;
 - (2). Cause Lessee, at Lessee's expense; promptly to return any or all of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to enter into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (I) Retain the Equipment and all lease payments made hereunder, or
- Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price, less: ... 10% to cover Lessor's Internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be

- paid to whosoever may be lawfully entitled to receive the same; or
- Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or
- the state of the control of the Equipment for any portion thereof, for such period, rental, and to such persons as Lessor shall select, and credit Lessee with an amount equal to Lessor's capital cost of this new lease, less ten percent (10%) after declaring all costs and expenses incurred in connection with the recovery, repair, storage and leasing of the Equipment against obligations due from Lesses to Lessor hereunderwith Lessee remaining responsible for any deficiency: It is agreed that the amounts to be retained by Lessor and the balance to be paid by Lessee under this paragraph (2) shall not be a penalty but shall be as and for liquidated damages for the breach of this Lease and as reasonable return for the use of the Equipment and for the depreciation thereof.
 - (3) No remedy hereon conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided but shall be cumulative and in addition to every other remedy available to Lessor. The forbearance on the part of Lessor to exercise any right or remedy available hereunder in the event of Lessee's default, or Lessor's fallure to demand punctual performance or any obligation of Lessee shall not be deemed a walver (A) of any such right or remedy, or (B) the requirement of punctual performance, or (C) of any subsequent breach or default on the part of Lessee.
- 19. ATTORNEY'S FEES AND EXPENSE, in the event Lessor is required to retain an attorney to assist in the enforcement of its rights under this Lease, it shall be entitled to a reasonable attorneys fee, however incurred, in addition to costs and necessary disbursements, whether or not suit becomes necessary, including fees incurred on appeal or in connection with a bankruptcy proceeding.
- 20. OPERATION, MAINTENANCE AND REPAIR, Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, maintenance, operation, and replacements required to be made to maintain the Equipment in proper working condition, using as a guide the maintenance program described in the owners manual, if any, for each item of Equipment and shall perform all maintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.
 - 21. TAXES. Lessee shall pay and discharge all sales, use, property and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale, possession or use thereof, whether the same be assessed to Lessor or Lesses, together with any penalties or interest in connection therewith, and will submit written evidence of the payment at Lessor's request. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10.00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lease, Lessee will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax bill is within \$500 of such estimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment; if the difference between such estimate and the actual tax bill exceeds \$500, Lessor shall refund or Lessee shall remit the entire difference.
 - 22. LESSOR'S ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee waives any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of alleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up any such against Lessor's assignee. An assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lesse. Lessee, on receiving notice of any such assignment, shall abide thereby and make payment as may therein be directed. Following such assignment, solely for the purpose of determining assignee's rights. hereunder, the term "Lessor" shall be deemed to include or refer to Lessor's assignee. Lessee acknowledges that the Equipment may be subject to a security interest which is prior to Lessee's interest in the Equipment.
- 23. TITLE: LESSEE'S INTEREST: GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any liens, claims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all times be severable and removable there from by Lessor, free of any right, title, claim or interest of the property owner and of Lessee except as herein provided: in addition to all of the other rights of Lessor under this Lesse grants to Lessor a security interest in and to the Lessor under this Lesse. proceeds thereof (including insurance proceeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now existing or hereafter arising, including, but not limited to Lessee's obligations under this Lesse and under any other agreement with Lessor.
 - 24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY: In the event it is necessary to amend this Lease to correct an obvious error or to reflect a change in one or more of the following: (a) Lessor's actual cost of procuring the Equipment, or (b) Lessor's actual cost of providing the equipment to Lessee, or (c) a change in rental payments as a result of (a) or (b) above or (d) description of the Equipment, Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee further grants to Lessor a specific power of attorney for Lessor to sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
 - 25. FINANCIAL STATEMENTS: CREDIT REPORTS. Lessor may require from time to time, and Lessee agrees to furnish, statements setting forth the financial condition and operations of Lessee Lessee authorizes. Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.
 - 26. MISCELLANEOUS. Lesses will not change or remove any insignia of lettering on the Equipment and shall conspicuously identify each item of the Equipment by sultable lettering thereto to indicate Lesson's ownership. Lessor and Lessee agree that facsimile signatures on any document pertaining to this lease agreement shall be accepted by Lessor, Lessee and all guarantors as binding and enforceable and to have the same force and effect as original signatures. Lessee authorizes Lessor to communicate with Lessee through electronic means. All Lessee email addresses provided to Lessor will be confidential, and will not be shared, sold or spammed. Delinquent lease installments and other sums due under this Lease shall bear interest at eighteen percent (18%) per annum if not prohibited by law, otherwise at the highest lawful contract rate. If there is more than one Lessee, Lessor may, with the consent of any one of the Lessess, modify, extend, or change any one of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under this Lease. If Lessor is required by law to discount any unpaid lease payment or other sums payable by Lessee hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of this Lease is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable. but shall not invalidate the remaining provisions of this Lease.

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GUARANTEE

To induce Lessor to enter into a Lease with or otherwise extend financial accommodations to MONTEZUMA RIMROCK WATER COMPANY LLC ("Lessee"), the undersigned Guarantor unconditionally guarantees to Lessor the prompt payment when due of all Lessee's obligations to Lessor. Lessor shall not be required to proceed against the Lessee or the Equipment or enforce any other remedy before proceeding against the undersigned. The wundersigned waives notice of acceptance hereof and all other notices or demand of any kind to which the undersigned may be entitled. The undersigned consents to any extensions or modifications granted to Lessee and the release and/or compromise of any obligations of Lessee or any other obligons and guaranters or any collateral therefore without notice and without in any way releasing the undersigned from his or her obligations hereunder. Guaranter, walves any right to require Lessor to apply payments in a certain manner and acknowledges that Lessor may apply payments received in the fashion most advantageous to Lessor. Furthermore, Guarantor walves any and all claims against Lessee, by subrogation or otherwise, until such time as Lessee's obligations to Lessor are fully and finally satisfied. This is a continuing guarantee and shall not be discharged, impaired or affected by death of the undersigned or the existence or nonexistence of bessee as a legal entity. This continuing Guarantee shall bind the heirs, administrators, representatives, successors, and assigns of the undersigned and may be enforced by or for the benefit of any assignee or successor of Lesson.

The provisions of the Guarantee shall extend to and apply to all the obligations of Lessee to Lessor, now existing or hereafter made, incurred or created, however arising, and whether set forth in separate agreements, schedules, applications, orders or collateral documents. The execution of this Lease Quarantee shall not extinguish, release or walve any existing obligations, promises, or guarantees of Guarantor for the benefit of Lessor. The undersigned agrees to pay a reasonable attorney's fee, and all other costs and expenses incurred by Lessor of its successors or assigns in the enforcement of the agrees to pay a reasonable attorney of a Guarantee, whether or not a lawsuit is started.

The undersigned personal guarantor consents to Financial Pacific Leasing, LLC obtaining a consumer credit report on the undersigned from time to time in the credit evaluation and review process. Carlos profession in the

Law Which Applies, this agreement is governed by Washington Law. Each guarantor consents to the personal jurisdiction of the courts of the state of Washington for any dispute, suit or action arising under or in relation to this guarantee and agrees that all lawsuits commenced by a guarantor against lessor must be filed in such courts. At lessor's sole option, venue (location) for any proceeding shall lie in king county, state of Washington. Each guarantor waives the right to a jury trial. Lessor shall have the option of commencing an action in any court HAVING PROPER JURISDICTION.

This Guarantee and each of its provisions may be waived or modified only by record signed by Lessor's waiver of any right to demand performance hereunder shall not be a waiver of any subsequent or other right to demand performance hereunder. If any provision of this Guarantee shall be determined to be unenforceable, then such provision shall be severed from this Guarantee without affecting any other provision of the Guarantee which shall remain fully enforceable.

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DELIVERY AND ACCEPTANCE AUTHORIZATION

Lessee's signature authorizes Lessor to verify by phone with acceptesentative of Lessee the date the Equipment was accepted by the Lessee; the Equipment description, including the serial numbers; the schedule of lease payments; that all necessary installation has been completed; that the Equipment has been examined by Lessee and is in good operating order and condition and is in all respects satisfactory to Lessee and that Equipment is accepted by Lessee for all purposes under the Lease. This information will be recorded on an inspection/Vertification Certificate, a copy of which will be forwarded to Lessee upon completion by Lessor. Lessee hereby authorizes Lessor to either insert or correct the Lessor and/or Vendor name(s), Equipment description, Equipment location and schedule of Lease payments. Lessee hereby authorizes Lessor to make payment to the Vendor upon completion of ESCEP. NAMETERS 18 A PORT OF STREET the inspection/Verification Certificate.

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Section 1

LEASE AGREEMENT

Lessor: 'NILE RIVER LEASING, L.L.C. Lease Number 9526 N. 46TH ST. > PHOENIX, AZ 85028 Ph. (480) 607-6800 Toll Free (888) 607-6800 Full Legal Name and Place of Business of Lessee Place of incorporation or organization or, if an > MONTEZUMA RIMROCK WATER COMPANY LLC individual, location of principal residence. PO BOX 10 > ARIZONA . RIMROCK, AZ 86335 Quantity Description, Model #, Catalog #, Serial #, or other Identification **Equipment Leased** > 1 - ARSENIC BUILDING PLANT and the same of BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET >4599 E. GOLDMINE RD., RIMROCK, AZ 86335 Equipment Location 5.00 f 90 if Different Amount of Each Payment (plus Monthly Monthly Terms of No. of Advanced Other Payment/Security Deposit Terms Sales or Use Tax, if applicable) Lease **Payments** > 36 > \$ 734.46 Specify:

TERMS AND CONDITIONS OF LEASE

- 1. LEASE. Lessee hereby leases from Lessor, and Lessor leases to Lessee, the equipment and other property described above, together with any replacement parts, additions, repairs or accessories now or hereafter incorporated in or affixed thereto (hereinafter referred to as the 'Equipment').
- 2. ACCEPTANCE OF EQUIPMENT. Lessee agrees to inspect the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Lesser notice, as provided by Lessor, after the Equipment has been delivered and after Lessee it satisfied that the Equipment is satisfactory in every respect. Lessee hereby authorizes Lessor to insert in this Lease serial numbers or other identifying data with regard to the Equipment.
- 3. DISCLAIMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR—Lessee acknowledges and agrees by his signature below as follows: (a) LESSOR MAKES NO WARRANTIES BITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT; ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lessee has fully inspected the Equipment which it has requested Lessor to acquire and lease to Lessee, and the Equipment is good condition and to Lessee's complete satisfaction; (c) Lessee leases the Equipment "as is" and with all faults; (d) Lessee specifically acknowledges that the Equipment is leased to Lessee solely for commercial or business purposes and not for personal, family, household, or agricultural purposes; (e) LESSEE SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES AGAINST LESSOR; and (f) NO DEFECT, DAMAGE, OR UNIFITNESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSEE OF THE OBLIGATION UNDER THIS LEASE.
- 4. ASSIGNMENT BY LESSEE PROHIBITED. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSEE SHALL NOT ASSIGN THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- 5. COMMENCHMENT; RENTAL PAYMENTS: INTERIM RENTALS. This Lease shall commence upon the written acceptance hereof by Lessor and shall end upon the full performance and observance by Lessee of each and every term, condition and covenant set forth in this Lease, any Schedules hereto and any extensions hereof. Rental payments shall be in the amounts and frequency as set forth on the face of this Lease or any Schedules hereto. In addition to regular rentals, Lessee shall pay to Lessor interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days elapsing between the date in which the Equipment is accepted by Lessee and the commencement date of this Lease, together with the number of days elapsing between the date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lessor. The rental period under the Lease shall terminate following the last day of the term stated on the face hereof or in any Schedule hereto unless such Lease or Schedule has been extended or otherwise modified, Lessor shall have no obligation to Lessee under this Lease if the Equipment, for whatever reason, is not delivered to Lessee within ninety (90) days after Lessee signs this Lease.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

- 6. CHOICE OF LAW. This Lease shall not be effective until signed by Lessor at its principal office listed above, This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lessee agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lessee agrees that venue shall be maintained in Maricopa County, Arizona.
- 7. SECURITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lease, and Lessee's complete performance of all its obligations under this Lease, and any extension or renewal hereof, Lessee has deposited with Lessor the amount set forth in the section shown as "Security Deposit." In the event arry default shall be made in the performance of any Lessee's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. Within 15 days after Lessor mails notice to Lessee that Lessor has applied any portion of the security deposit to the amount set forth above. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Lessee has paid all of the rent called for and fully performed all other provisions of this Lease, Lessor will return to the Lessee any then remaining balance of said security deposit, without interest. Said security deposit may be commingled with Lessor's other funds.
- 8. LIMITED PREARRANGED AMENDMENTS, SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amend the terms of the Lease to reflects a change in one or more of the following conditions: (a) Lessor's actual cost of providing the Equipment to Lessee, or (b) A change in rental payments, or (c) Description of the Equipment, then Lessee agrees that any such amendment shall be described in a letter from Lessor to Lessee, and unless within 15 days after the date of such letter Lessee objects in writing to Lessor, this Lease shall be deemed amended and such amendments shall be incorporated in this Lease herein as if originally set forth. Lessee grants to Lessor a specific power of attorney for Lessor to use as follows: (i) Lessor may sign and file on Lessee's behalf any document Lessor deems necessary to perfect or protect Lessor's interest in the Equipment or pursuant to the Uniform Commercial Code; and (ii) Lessor may sign, endorse or negotiate for Lessor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
- 9. LOCATION. The Equipment shall be kept at the location specified above, or, if none is specified, at Lessee's address as set forth above and shall not be removed without Lessor's prior written consent. Notwithstanding this provision, should Lessee change the location of the Equipment without first obtaining Lessor's consent, then Lessee shall immediately provide Lessor with the new location of the Equipment.
- 10. USE. Lessee shall use the Equipment in a careful manner, make as necessary repairs at Lessee's expense, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alterations, additions, or improvements to the Equipment without Lessor's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Lessor.
- OWNERSHIP, PERSONALTY. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title, or interest in the Equipment except as expressly set forth in this Lease.

LESSEE ACKNOWLEDGEMENTS. Lessee acknowledges the following: (a) Lessee's full and accurate legal name is as provided on page one of this Lease; (b) Lessee is a corporation ()/partnership ()/individual (); (c) Lessee is (if an organization) duly organized, validly existing and in good standing under the laws of the jurisdiction set forth on page one of this Lease.

LESSEE: MONTEZUMA RIMROCK WATER COMPANY LLC

Date: 3/22/12

Date: 3/27/17 1.03

LESSOR: DELERIVER LEASING, LL.C.

3824-0

- 12. SURRENDER. By this Lease, Lessee acquires no ownership rights in the Equipment, and has no option to purchase same unless said option is incorporated herein by an attached Rider. Upon the expiration or earlier termination or cancellation of this Lease, or in the event of a default under Paragraph 20 hereof, Lessee, at its expense, shall return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify.
- 13. RENEWAL. As the expiration of the Lesse, Lessee shall return the Equipment in accordance with Paragraph 12 hereof. At Lessor's option, this Lease may be continued on a month-to-month basis until 30 days after Lessee returns the Equipment to Lessor. In the event the Lease is so continued, Lessee shall pay to Lessor rentals in the same periodic amounts as is indicated under the section entitled Amount of Each Payment above.
- 14. LOSS AND DAMAGE. Lessee shall at all times after signing the Lease bear the entire risk loss, theft, damage or destruction of the Equipment from any cause whatsoever, and no loss, theft, damage or destruction of the Equipment shall relieve Lessee of the obligation to pay fent or to comply with any other obligation under this Lease, in the event of damage to any part of the Equipment, Lessee shall immediately place the same in good repair as Lessee's expense. If Lessee that any part of the Equipment is lost, stolen, destroyed, or damaged beyond repair, Lessee shall, at Lessee's option, do one of the following: (a) Replace the same with like equipment in good repair, acceptable to Lessor; or (b) Pay Lessor in cash the following: (i) all amounts due by Lessee to Lessor under this Lease up to the date of the loss; (ii) the accelerated balance of the total amounts due for the remaining term of this Lease attributable to said item; discounted to present value at a discount rate of 6%, as of the date of loss, and (iii) the Lessor's estimate as of the time the Lesse was entered into of Lessor's residual-interest in the Equipment, discounted to present value at a discount rate of 6%, as of the date of loss. Upon Lessor's receipt of payment as set forth above. Lessée shall be entitled to receive title to the Equipment without any warranties. If insurance proceeds are used to fully comply with this subparagraph, the balance of any such proceeds shall go to Lessée to compensate for loss of use of the Equipment for the remaining term of the Lease.
- INSURANCE; LIENS; TAXES. Lessee shall provide and maintain insurance against loss, theft, damage, or destruction of the Equipment in an amount not less than the full replacement value of the Equipment, with loss payable to the Lessor. Lessee also shall provide and maintain comprehensive general all-risk liability insurance, including but not limited to product liability coverage, insuring Lessor and Lessee, with a severability of interest endorsement, or its equivalent, against any and all loss or liability for all damages, either to persons or property or otherwise, which might result in or happen in connection with line condition, use, or operation of the Equipment, with such limits and an insurer satisfactory to Lessor. Each policy shall expressly provide that said insurance as to Lessor and its assigns shall not be invalidated by any act, omission, or neglect of Lessee and cannot be canceled without 30 days prior written notice to Lessor. As to each policy Lessee shall furnish to Lessor a certificate of insurance from the insurance, which certificate shall evidence the insurance coverage required by the paragraph Lessor shall have no obligation to ascertain the existence of or provide any insurance coverage for the Equipment or for Lessee's benefit, if Lessee falls to provide the insurance, Lessor will have the right, but no obligation, to have such insurance protecting Lessor and at Lessee's expense. Such placement will result in an increase in Lessee's periodic payments, the increase being attributed to Lessor's costs of obtaining such insurance and any oustomary charges or fees of Lessor's or its designee associated with such insurance.

Lessee shall keep the Equipment free and clear of all levies, liens, and encumbrances. Lessee shall pay all charges and taxes (local, state, and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession, or use of the Equipment; excluding, however, all taxes on or measured by Lessor's net income. If Lessee fails to pay said charges or taxes, Lessor shall have the right, but shall not be obligated, to pay such charges or taxes. In that event, Lessor shall notify Lessee of such payment and Lessee shall repay to Lessor the cost thereof within 15 days after such notice is mailed to Lessee.

- 16. INDEMNITY. Lessee shall indemnify Lessor against any claims, actions, damages or liabilities, including all attorney fees incurred out of or connected with the Equipment, without limitation. Such indemnification shall survive the expiration, cancellation, or termination of this Lesse. Lessee waives any immunity Lessee may have under any industrial insurance act, with regard to indemnification of Lessor.
- 17. ASSIGNMENT BY LESSOR. Any assignce of Lessor shall have all of the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize and hereby consents to any assignment of the Lease by Lessor, and shall not assert against the assignee any defense, counterclaim, or setoff that Lessee may have against Lessor. Subject to the foregoing, this Lease inures to the benefit of and is binding upon the heirs, devisees, personal representatives, survivors, successors in interest, and assigns of the parties hereto,
- SERVICE CHARGES, INTEREST. If Lessee shall fail to make any payment required by the Lease within 10 days of the due date thereof, Lessee shall pay to Lessor a service charge of 10% of the amount due per month, minimum 25.00 for each month that the payment remains delinquent. In addition, Lessee shall pay to Lessor any actual additional expenses incurred by Lessor in collection efforts, including but not limited to long-distance telephone charges and travel expenses. Lessee shall pay to Lessor interest on any delinquent payment or amount due under this Lease from the due date thereof until paid, at the lesser of the maximum rate of interest allowed by law or 24% per annum.
- 19. TIME OF ESSENCE. Time is of the essence of the Lease, and the provision shall not be impliedly waived by the acceptance on occasion of late or defective performance.
- DEFAULT. Lessee shall be in default if: (a) Lessee shall fail to make any payment due under the terms of this Lease for a period of 10 days from the due date thereof, or (b) Lessee shall fail to observe, keep or perform any other provision of the Lease, and such failure shall continue for a period of 10 days; or (c) Lessee has made any misleading or false statement in connection with application for or performance of the Lease; or (d) The Equipment or any part thereof shall be subject to any lien, levy, seizure, assignment, transfer bulk transfer encumbrance, application, attachment, execution, sublease, or sale without prior written consent of Lesser, or (e) Lessee dies or ceases to exist; or (f) Lessee defaults on any other agreement it has with Lessor, or (g) Any guarantor of the Lease defaults on any obligation to Lessor; or any to the above listed events of default occur with respect to any guarantor or any such guarantor files or has filed against it in petition under the bankruptcy laws.
- REMEDIES: If Lessee is in default, Lessor, with or without notice to Lessee, shall have the right to exercise any one or more of the following remedies, concurrently or separately, and without any election of remedies being deemed to have been made: (a) Lessor may enter upon Lessee's premises and, without any court order or other process of law, may reposses and remove the Equipment, or render the Equipment musable without removal, either with or without notice to Lessee. Lessee hereby waives any trespass or right of action for damages by reason of such entry, removal or disabling. Any such repossession shall not constitute a termination of the Lease unless Lessor so notifies Lessee in writing; (b) Lessor may require Lessee, at its expense, to return the Equipment in good repair, ordinary wear and tear resulting from proper use thereof excepted, by delivering it, packed and ready for shipment, to such place as Lessor may specify; (c) Lessor may cancel or terminate this Lease and may retain any and all prior payments paid by Lessee; (d) Lessor may declare all sums due and to become due under the Lease immediately due and payable without notice or demand to Lessee, (e) Lessor may re-lease the Equipment, without notice to Lessee, at private or public sale, at which sale Lesser to any third party, upon such terms and conditions as Lessor alone shall determine, or may self the Equipment or other collateral securing Lessee's obligations under this Lease, Lessee acknowledges and agrees as follows: (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the Equipment or any other collateral for disposition, (ii) Lessor may comply with any applicable state or federal law requirements or any disposition of such Equipment and/or other collateral, (f) Lessor may such for any disposition of such Equipment and/or other collateral. (g) To pursue any other remedy available at law, by statute or equity.

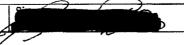
No right or remedy herein conferred upon or reserved to Lessor is exclusive of any other right or remedy herein, or by law or by equity provided or permitted, but each shall be cumulative of every other right or remedy given herein or now or hereafter existing by law or equity or by statute or otherwise, and may be enforced concurrently therewith or from time to time. No single or partial exercise by Lessor of any right or remedy hereunder shall preclude any other or further exercise of any other right of remedy.

- 22. MULTIPLE LESSEES. Lessor may, with the consent of any one of the Lessees hereunder, modify, extend, or change any of the terms hereof without consent or knowledge of the others, without in any way releasing, waiving, or impairing any right granted to Lessor against the others. Lessees and each of them are jointly and severally responsible and liable to Lessor under the Lease.
- 23. EXPENSE OF ENFORCEMENT. In the event of any legal action with respect to the Lease, the prevailing party in any such action shall be entitled to reasonable attorney fees, including attorney fees incurred at the trial level, including action in bankruptcy court on appeal or review, or incurred without action, suits or proceedings, together with all costs and expenses incurred in pursuit thereof
- 24. ENTIRE AGREEMENT, NO ORAL MODIFICATIONS; NO WAIVER. This instrument constitutes the entire agreement between Lessor and Lessee. No provision of the Lease shall be modified or rescinded unless in writing signed by a representative of Lessor. Waiver by Lessor of any provision hereof in one instance shall not constitute waiver as to any other instance.
- 25. SEVERABILITY. This Lease is intended to constitute a valid and enforceable legal instrument, and no provision of this Lease that may be deemed unemforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect.

CERTIFICATE OF AUTHORITY

The undersigned, being the duly elected <u>MEMBER</u> of the Company named in the foregoing Lease, hereby certifies that: (a) <u>PATRICIA D. OLSEN</u>, in his/her capacity as <u>MANAGING MEMBER</u> of the Company, is authorized by the Bylaws or other organizational documents of the Company, or by a resolution duly adopted or other authorization properly given by the Board of Directors, the Managers, the Managing Member(s) or the Managing Partner(s) of the Company, as applicable, in accordance with the Bylaws or other organizational documents of the Company, to negotiate execute and deliver on behalf and in the name of this Company, the Commercial Lease, (b); that such authorization has not been revoked and continues in full force and effect, (c) that the execution of such documents by such officer shall be conclusive evidence of his/her approval thereof and (d) this Lease and such other documents constitute legal and binding obligations of the Company. In WITNESS WHEREOF, I have affixed my name as <u>MEMBER</u> of the Company on the date set forth below.

Printed Name
>PATRICIA D. OLSEN



Date 3/22/12





This document is subject to a security interest in favor of Wells Fargo Capital Finance, LLC as Collaieral Agent for the Secured Parties

LEASE #: 796680.001

MONTEZUMA RIMROCK WATER COMPANY LLC

BILLING ADDRESS:

PO BOX-10 RIMROCK, AZ 86335 COUNTY: YAVAPAI

VENDOR/SUPPLIER

KEVLOR DESIGN GROUP, LLC 430 FITZGERALD PLACE ATLANTA, GA 30349

EQUIPMENT DESCRIPTION (Attach separate Equipment List if needed)

SEE EQUIPMENT LIST

EQUIPMENT LOCATION. Complete only if Equipment will not be located at Lessee's address above.

ADDRESS: 4599 E. GOLDMINE RD., RIMROCK, AZ 86335

SCHEDULE OF LEASE PAYMENTS

	Lease Term	- Number of	- Amount-o	f Each Lease	Payment -	X
· .	(Months)	Payments	Rental	Tax	Total Payment	i
	6 0	60	\$1.058.18		\$1 135 96	

Number Prepayment(s) Administrative \$420.00

Security ... Initial Amount \$0.00

Option, Price/ Purchase.

Payment Due Date ... ☐ 1st . 🖾 15tb

Pro rata rental is calculated as follows: (Monthly Rental Payment divided by 30 days = Daily Rate) x (# of Days Between Acceptance Date And First Payment Date) = Total. Pro rata rental is billed on your first invoice:

THIS LEASE AGREEMENT ("LOBBO") IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED HEREON AND ON THE FOLLOWING PAGES, ALL OF WHICH ARE MADE A PART HEREOF AND WHICH LESSEE ACKNOWLEDGES HAVING READ. PLEASE READ CAREFULLY BEFORE SIGNING.

THIS LEASE, WHICH CONSISTS OF 5 PAGES, IS NOT BINDING UNTIL ACCEPTED BY LESSOR.

LESSEE: MONTEZUMA RUMROCK WATER COMPANY LLC LESSOR: FINANCIAL PACIFIC LEASING, LLC

CIA D. OLSEN, MEMBER AND INDIVIDUALLY

(Signature Only)

5/2/2012

THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

Lessor, hereby Leases to Lessee, and Lessee hereby hires and takes from Lessor all property described in this Lease or hereafter and made a part hereof (collectively, together with any substitutions or replacements thereto, the "Equipment")

1. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between Lessor and Lessee. No oral agreement, guarantee, promise, condition, representation or warranty shall be binding on Lessor. All prior conversations, agreements or representations related hereto enidior to the Equipment are Integrated herein. No modification hereof shell be binding unless in writing and signed by Lesson.

CONTINUED ON FOLLOWING PAGES

App# 489780, 102011A

Page 1 of 5 Page Agreement





- 2. LESSEE REPRESENTATIONS. Lessee acknowledges that no salesman or agent of the supplier of the equipment is authorized to walve or alter any term or condition of this Lease and no representation as to the Equipment or any matter by the Supplier shall in any way effect Lessee's duty to pay the Lease payments and perform its other obligations as set forth in this Lease. Lessee represents that its exact legal name, state of formation, location of its chief executive office and/or its place of residence as applicable have been correctly identified to Lessor.
- 3. STATUTORY FINANCE LEASE. Lessee agrees and acknowledges that it is the Intent of both parties to this Lease that it qualify as a statutory finance Lease under Article 2A of the Uniform Commercial Code. Lessee acknowledges and agrees that Lessee has selected both: (1) the Equipment and (2) the Supplier from whom Lessor is to purchase the Equipment. Lessee acknowledges that Lessor has not participated in any way in Lessee's selection of the Equipment or of the Supplier, and Lessor has not selected, manufactured, or supplied the Equipment.
- LESSEE IS ADVISED THAT IT MAY HAVE RIGHTS UNDER THE CONTRACT EVIDENCING LESSOR'S PURCHASE OF THE EQUIPMENT FROM THE SUPPLIER CHOSEN BY LESSEE AND THAT LESSEE SHOULD CONTACT SUCH SUPPLIER FOR A DESCRIPTION OF ANY SUCH RIGHTS.
- A ASSIGNMENT BY LESSEE PROHIBITED WITHOUT LESSON'S PRIOR WRITTEN CONSENT. LESSEE SHALL NOT ASSIGN THIS LEASE OR ANY INTEREST THEREIN, OR SUBLEASE THE EQUIPMENT, OR PLEDGE OR TRANSFER THIS LEASE OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- 5. APPLICABLE LAW AND VENUE. ALL MATTERS INVOLVING THE CONSTRUCTION, VALIDITY, TERFORMANCE, OR ENFORCEMENT OF THIS LEASE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF WASHINGTON. LESSEE CONSENTS TO THE PERSONAL JURISDICTION OF THE COURTS OF THE STATE OF WASHINGTON AND AGREES THAT AT LESSOR'S SOLE OPTION, JURISDICTION AND LOCATION FOR ANY DISPUTE, SUIT OR ACTION ARISING UNDER OR IN RELATION TO THE LEASE, AND ALL DOCUMENTS EXECUTED IN CONNECTION THEREWITH, SHALL BE IN KING COUNTY, STATE OF WASHINGTON. LESSEE WAIVES THE RIGHT OF JURY TRIAL LESSOR SHALL HAVE THE OPTION OF COMMENCING AN ACTION IN ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER, AND PARTIES TO THE
- 6. NO WARRANTY. Lessor, not being the manufacturer of the equipment, nor manufacturer's agent, MAKES NO WARRANTY OR REPRESENTATION.

 EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS FOR A PARTICULAR USE OR OTHERWISE, QUALITY; DESIGN, CONDITION, CAPACITY, SUITABILITY, MERCHANTABILITY OR PERFORMANCE OF THE EQUIPMENT OR OF THE MATERIAL OR WORKMANSHIP. THEREOF, IT BEING AGREED THAT THE EQUIPMENT IS LESSED "AS IS" AND THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE AT ITS SOLE RISK AND EXPENSE. Lessee accordingly agrees not to assert any claim whatsoever ageinst Lessor based thereon. In addition, Lessee welves any and all rights and remedies conferred by UCC: 2A-508 through 2A-522, including, bit not limited to, Lessee's right to (a) cancel or repudiate the Lesse; (b) reject or revoke acceptance of the Equipment; (c) deduct from rental payments all or any part of any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statuts or otherwise, that may require Lessor to sell, re-lesse, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereafter.
- 7. TERM. The initial term of this Lease is set forth on the first page of this Lease. The term begins on the earlier of the following dates: (a) the date Lease requests Leasor to make payment to the Supplier; or (b) the Acceptance Date as indicated on the inspection/Verification Certificates.
 - 8, END OF TERM OPTIONS: If the option exists and so long as no Event of Default exists, Lessee may at the end of the option exists and so long as no Event of Default exists, Lessee may at the end of the option or any renewal term, purchase all (but not less than all) the Equipment by paying the option price set forth in the Schedule of Lease Payments plus any applicable taxes and fees. If option price is designated as a Guaranteed Purchase, Lessee shall be required to purchase the Equipment, rather than have an option to do so. If no option price is indicated, Lessor will use its reasonable judgment to determine the Equipment's fail market value. Upon payment of the Fair Market Value price and applicable taxes and fees, Lessor's Interest in the Equipment shall terminate and Lessee shall accept the Equipment "AS IS, WHERE IS" without any representation of warranty whatsoever.
 - 9. LEASE PAYMENT; SECURITY DEPOSIT. The lease payments for the Equipment leased shall be in the amount designated in the schedule of payments and shall commence on the indicated payment due date immediately following the Equipment Acceptance-Date. Leases shall pay Leaser said lease payments on or before the due date, at the office of Leasor or to such other person or place as Leasor may designate in writing. Leasee agrees to pay pro rata rental (based on the monthly lease payments) for the period from the Acceptance Date, to the due date of the first payment. Said pro rata rental shall be in addition to the first payment and shall be made simultaneously with the first payment. Prepayments are credited with one payment being applied to the first month's rental and any other prepayments then applied to the last month(s) rental(s). Any security deposit, shall, remain assecurity for performance of all the ferms and conditions of this Lease. In the event any default shall be made in the performance of any of Lease's obligations under this Lease, Lessor shall have the right, but shall not be obligated, to apply the security deposit to the curing of such default. On the expiration or earlier termination or cancellation of this Lease, or any extension or renewal hereof, provided Leases has paid all of the rental called for and security deposit without interest. Said security deposit with Leasor's other funds.
 - 10. LATE CHARGES AND COLLECTION CHARGES. A late charge of 10% of the total monthly lease payment; or \$10, whichever is greater, will be assessed when a payment is not received on or before the due date. An additional late charge will be assessed for each month a payment remains unpaid. If Leasee's delinquency requires additional collection efforts, a charge will be assessed in accordance with Leaser's collection charge, scheduler in addition, Leasee shall be assessed for any charges levied by an outside collection agency-following Leasee's default.
 - 11. LOCATION AND USE OF EQUIPMENT. Lessee shall keep the equipment at the location designated in the Lease, unless Lessor, in writing, permits its removal. The Equipment shall be used solely in the conduct of Lessee's business. Lessee shall notify Lessor if equipment is used for transporting or storing product considered hazardous material. Lessee warrants that Equipment is lessed for commercial or business purposes and not for consumer; personal, home or family purposes.
- 12. SURRENDER OF EQUIPMENT. At the expiration of the form of this lease, or upon demand by Lessor pursuant to Raregraph 19 of this Lease, Lessoe at its expense shall return the Equipment in proper working order, condition and repair by delivering it packed and ready for shipment to such place or on board such carrier as Lessor may specify. WARNING: FAILURE TO RETURN THE EQUIPMENT MAY RESULT IN CRIMINAL PROSECUTION AND/OR ADDITIONAL RENTAL CHARGES, ON A MONTH TO MONTH.

 BASIS, UNTIL THE EQUIPMENT IS RECOVERED BY LESSOR.
 - 13. NOTICES. Services of all notices under this agreement shall be sufficient if given personally or malled to Tessor at 3455 S. 344th Way, Suite 300, Federal Way, WA 98001, or P.O. Box 4568, Federal Way, WA 98063; or to Lessoe at Lessoe's address set forth above or at such other address as a party may provide in writing from time to time. Any notices required by this Lease shall be deemed to be delivered when a record properly directed to the

CONTINUED ON FOLLOWING PAGES





Intended recipient has been (a) deposited with the US Postal Service, (b) transmitted by facsimile, (c) transmitted through the internet, or (d) has been personally delivered.

14. LIABILITY AND INDEMNITY; LOSS AND DAMAGE. Lessee shall indemnify and hold Lessor harmless from liability expense of every kind or nature from whatever cause, including, but not limited to, the liability arising under any statute, ordinance or regulation in connection with the use of the Equipment and from all liability on account of any claim for personal injury, death, of property damage to any person or party whatsoever; including leasee, arising out... of the manufacture, selection, operation, use, maintenance, or delivery of the Equipment. Such Indemnification shall survive the expiration; cancellation for extending the entire risks of loss and damage to the Equipment from any case whatsoever, including lease. Lessee hereby assumes and shall bear the entire risks of loss and damage to the Equipment from any case whatsoever, including the entire risks of loss and damage to the Equipment from any case whatsoever. regardless of whether the loss is insured. In the event of loss or damage to the Equipment, or to any past thereof. Lessee, at the option of the Lessor, shall :: *** regardless of whether the loss is insured. In the event or loss or damage to the equipment, or to any past thereof, bessed, at the opportunity or to any past thereof, bessed, at the opportunity of the same or greater, value provided.

(a) Replace the same in good condition, repair and working order, or (b) Replace, the same, with like property of the same or greater, value provided.

(b) Replace the same in good condition, repair and working order, or (b) Replace, the payment of the same of the remaining unput clease payments and the control value of the Equipment of the recovery. If any, actually received by Lessorfrom insurance or otherwise for such loss or damage. Except as expressly provided in this paragraph, total or partial destruction, of any of the Equipment or total or partial loss of use or possession thereof to basee shall not release or elleve Lessee from the duty to pay the lesse. payments herein provided. Charles View And

payments herein provided.

15 INSURANCE. Lesses, at its own expense, shall keep the Equipment Insured for the full term of this Lease and any renewals or extensions thereof, for the full insurable value thereof against all lisks of loss or damage, and against such other risks in such at a Lessor may specify; including liability. Insurance, with limits not less than \$500,000 unless lessor specifies an increased amount due to the equipment location or use of equipment (bodily injury: and property damage) combined single limit. Provided, however, in those instances where Lessee is leasing the Equipment defined by Lessor as "mobile Equipment," Lessee shall procure and maintain, for the full lease term, all risk physical damage insurance as opposed to insurance against fire and their, with extended or combined coverage. All listurance policies must provide that no cancellation shall be effective without thirty (30) days prior writter notites to lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be to Lessor. Lessee shall deliver to Lessor the policies or evidence of insurance with a standard form of endorsement attached thereto showing Lessor to be 🖂 named as an additional insured, together with receipts for the premiums thereundar. Lessee shall, at the request of Lessor, name as Loss Payae such 🤾 party who may have a security interest in the Equipment. Lessee agrees that any dispute regarding insurance charges will be determined by arbitration. conducted under the rules of the American Arbitration Association in Seattle, Washington.

16. LESSEE'S FAILURE TO PAY TAXES, INSURANCE, ETC. Should Lesses fall to make any payment or do any act as herein provided, then Lessor shall have the right, but not the obligation without notice to or demand upon Lessee, and without releasing Lessee from any obligation hereunder, to make or do the same and to pay, purchase, contest, or compromise any encombrance, charge or lien which in the judgment of Lessor appears to affect the Equipment, and in exercising such rights, thou any flability and expend whatever amounts in its absolute discretion it may deem necessary therefore. Should Lessee fall to provide Lessor the policies of evidence of insurance described herein, Lessor shall have the right, but not the obligation, to secure: insurance on the Equipment in such form and amount as Lessor deems reasonable to protect Lessor's interests. Lesses understands that, if Lessor secures insurance on the Equipment the insurance may not name Lessoe as an insured and may not fully protect Lesses's interests. Lessoe agrees that, if secures insurance on the Equipment he insurance may not name Lessee as an insured and may not may protect Lessee's interests, Lessee, agrees that, if Lesser secures insurance on the Equipment, Lessee will pay an insurance charge that may be substantially higher than the premium, that Lessee which pay if Lessee placed said insurance independently. Lessee agrees that, in addition to the premium, the insurance charge Lessee is required to pay Lessor will include an interest charge, administrative and processing fees, which will result in profit to Lessor and its agents. All sums so incurred or expended by Lessor shall be without demand immediately due and payable by Lessee and shall been interest at eighteen percent (18%), per annum if not problibled by law, otherwise at the highest lawful contract rate. The parties agree that any daim, dispute, or controversy regarding insurance or any fee charged by Secured Party for securing insurance or for any other action taken by Secured Party for securing insurance or for any other action taken by Secured Party when the first pay details the first pay the securing insurance or so any other action taken by Secured Party when the first pay the securing insurance or so any other action taken by Secured Party under this Agreement will, upon demand by either party. be submitted to binding arbitration conducted by the American Arbitration Association in Seattle, Washington, provided frowever, such agreement does not authorize days arbitration or entitle any party to bring third parties or other claims into the arbitration proceeding. This agreement to arbitrate certain claims does not limit the right of any party to commence or continue any legal action with respect to other claims ansing under this Agreement:

17. AUTHORITY TO SIGN. If Lessee is a Limited Liability Company ("LLC"), partnership or corporation, the person signing the Lease on behalf of such LLC, partnership or corporation hereby warrants that (s)he has full authority from the LLC, partnership or corporation to sign this Lease and obligate the LLC, partnership or corporation.

18, DEFAULT REMEDIES.

- a) An event of default shall occur if:
- (1) Lessee falls to pay any Lease installment and such fallure continues for a period of ten (10) days;
- (2) Lessee shall fall to perform or observe only covenant, condition or obligation to be performed or observed by it hereunder and such failure continues uncured for fifteen (15) days;
- Lease;
- (4) Lessee or any guarantor becomes insolvent or is the subject of a petition in bankruptcy or under any other insolvency law or law providing for a relief of debtors, either voluntary or involuntary, or makes an assignment for the benefit of creditors, or is ramed in, or the Equipment in becomes subjected to a sulf for the appointment of a receiver, or any action is taken for the dissolution of Lessee, it Lessee be a corporation.
 - (5) If the Equipment is seized or levied upon under any legal or governmental process;
 - The health program about (6). Lessee attempts to remove, sell, transfer, encumber, part with possessing or subjet the Equipment or any item thereof without first obtaining L'essor's consent
 - (7): Lessee or any guaranter defaults in the performance of any obligation owed to Lesser under the provisions of any other agreement with the the law was the second of the . Ti....
- b) Upon the occurrence of an event of default. Lessor shall have the right to exercise any one or more of the following remedies: (1)-To declare the entire unpaid lease payments and other sums payable by lessee hereunder to be immediately due and payable;
- (2). Cause Lessee, at Lessee's expense; promptly to neturn any oriell of the Equipment to Lessor, all without demand or legal process, and to allow Lessor to after into the premises where the Equipment may be found and take possession of or remove the same, whereupon all rights of Lessee in the Equipment shall terminate absolutely; and
 - (I) Retain the Equipment and all lease payments made hereunder, or ...
- Retain all prior lease payments and sell the Equipment at public or private sale, with or without notice to Lessee. The sale price; less: ...
 10% to cover Lessor's Internal costs, will be credited against the remaining unpaid lease payments, unpaid late charges, estimated. value of Equipment at the expiration of the lease term, charges for retaking, storage, repairing and reselling the Equipment, reasonable attorney's fees incurred by Lessor and other amounts due under the Lease in such order as Lessor in its sole discretion shall determine. Lessee shall remain liable for the deficiency and any surplus remaining after such application of proceeds of sale shall be



paid to whoseever may be lawfully entitled to receive the same; or

- (iii) Retain the Equipment and all prior payments, with Lessee remaining liable for the unpaid lease payments, unpaid late charges, charges for retaking and restoring Equipment to proper order and working condition, reasonable attorney's fees incurred by Lessor, together with other amounts due under the Lease; or
- (N) Lease the Equipment for any portion thereof, for such period, rental, and to such persons as Lessor shall select; and credit Leasee with the select and credit Leasee with the select and credit Lease with the select and select; and credit Leasee with the select and select; and credit Leasee with the select and select and select and expenses insurred in the select and s
- (3) No remedy hereen conferred upon or reserved to Lessor is intended to be exclusive of any other remedy herein or by law provided but shall be durnulative and in addition to every other remedy available to Lessor. The conservation on the part of Lessor to exercise any right or remedy available hereigned in the every office are stable to Lessor. The conservation on the part of Lessor to exercise any right or remedy available hereigned in the every office are stable to Lessor to the part of Lessor of Eliston of Lessor stable to the requirement of punctual performance; or (C) of any subsequent breach or default on the part of Lesson.

18 AFTORNEY'S FEES AND EXPENSE in the event Lessor is required to retain an attorney to assist in the enforcement of its rights (in the shortest in the enforcement of its rights (in the shortest in the enforcement, whether of its lights (in the shortest in the enforcement) in addition to costs and necessary disbursements, whether of its lights (in the shortest in the enforcement of the enfo

- 20. OPERATION, MAINTENANCE AND REPAIR, Lessor shall not be obligated to install, erect, test, adjust, service or make repairs or replacements to the Equipment. Lessee shall bear the expense of all necessary repairs, meintenance, operation, and replacements required to be made to maintain the Equipment to proper working condition, using as a guide the maintenance program described in the owner's manual, if any; for each item of Equipment and shall perform all meintenance required to insure full validation of a manufacturer's warranty on the Equipment. Lessee shall comply with all laws and regulations relating to ownership, possession, operation, use and maintenance of the Equipment. No Equipment shall be used contrary to its intended use, or the provisions of any insurance policy covering the Equipment.
- 21. TAXES, Lessee shall pay and discharge all sales, use, properly and other taxes now or hereafter imposed by any taxing authority upon the Equipment based upon the ownership, leasing, renting, sale; possession or dee thereof, whether the same be assessed to Lessor or Lessee; together with any penalties of interest in connection therewith, and will submit written evidence of the payment at Lessor, sequest. Sales or use tax due on rental payments shall be due at the same time as the rental payment. For those property taxes required to be filed by Lessor, Lessor will include the Equipment as property in the possession of Lessee for purposes of tax assessments. A processing fee of the greater of \$10,00 or 10% of the tax will be collected from Lessee for managing the payment of any taxes which are the responsibility of Lessee. Upon termination of the Lessee, will pay Lessor personal property taxes, reasonably estimated, for every year assessed by the taxing authority but unpaid as of termination. In the event that the actual personal property tax within \$500 of such astimate, then Lessor shall not seek reimbursement from Lessee for any underpayment, and Lessor may retain any overpayment. If the difference between such astimate, and the actual tax bill exceeds \$500. Lessor shall refund or Lessee shall remitted difference.
- 22. LESSOR'S ASSIGNMENT. Lessor may assign all or any of Lessor's other rights hereunder. After such assignment, Lessee walves any right Lessee may have to claim or assert any defenses, setoffs or counterclaims against assignee of Lessor. Lessee will settle all claims arising out of elleged breach of warranties, defenses, setoffs and counterclaims it may have against Lessor directly with Lessor and not set up, any such against Lessor's assignee of Lessor shall not be obligated to perform any of Lessor's obligations under this Lesse. Lessee, on receiving notice of any such assignment, shall all not be obligated to perform any of Lessor's obligations under this Lesse. Lessee, on receiving notice of any such assignment, shall have been all not be deemed to include or refer to Lessor's assignee. Lessee admowledges that the Equipment has be subject to a security interest which is prior to Lesse's interest in the Equipment.
- 23. TITLE: LESSEE'S INTEREST; GRANT OF SECURITY INTEREST. The Equipment is, and shall remain, the property of Lessor, and Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease. The Equipment is, and shall at all time be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to real property. Lessee shall keep the equipment free of any lens, ctaims or encumbrances other than those in favor of Lessor. Lessee shall obtain the necessary permission from the owner of any real property where the Equipment is to be affixed to the realty or be deemed a fixture in order that the Equipment shall at all titles be severable and removable there from by Lessor, free of any right, title, claim or interest of the property owner and or Lessee except as herein provided: In addition to all of the other rights of Lessor under this Lease, Lessee grants to Lessor a security interest in and to the Leased Property and all proceeds thereof (including insurance propeeds) as security for performance of all of Lessee's obligations to Lessor of every kind and nature, now extending or hereafter an entire content to the content of the property and all the content of the co
- 24. LIMITED PREARRANGED AMENDMENTS; AUTHORIZATION; SPECIFIC POWER OF ATTORNEY: In the event le is necessary to amend this Lease to correct an obvious error or to perfect a change in one or more of the following: (a) Lessor's actual cost of producing the Equipment, or (b) Lessor's actual cost of producing the Equipment, it is equipment, it is equipment, it is equipment and in this Lease herein amendment and it is equipment and in this Lease herein as it originally set forth. Lesse the product of the equipment is equipment and in this Lease herein and in this Lease h
 - 25. FINANCIAL STATEMENTS: CREDIT REPORTS. Lessor may require from time to time, and Lessée agrées to futnish, statements petting forth the financial condition and operations of Lessee. Lessee authorizes Lessor, its successors, assigns and prospective assigns, to obtain a personal credit profile on Lessee or any guarantor from any credit reporting company.
- 26. MISCELLANEOUS. Lesses will not change on remove any insignia or lettering on the Equipment and shall conspictiously identify each item of the Equipment by sulfable lettering, the price in indicate Lesses and all guarantors as binding and enforceable and to have the same force and effect as original, significated and to have the same force and effect as original, significated and the same force and effect as original, significated and the same force and effect as original, significated and the same interests and the same interests at significations. All Lesses emails addresses provided to Lesses will be confidential, and will not be shared, be interest at significant percent (18%) per annum if not prohibited by law, otherwise at the highest lawful confract rate. If there is more than one Lesses, Lesses may, with the consent of any one of the Lesses is modify, extend, or change any one of the terms hereof without consent or knowledge of the other's willifout in any way releasing, walving, or impairing shy-right granted to Lessor against the others. Lesses and each of them are jointly and severally responsible and liable to Lessor under this Lesse. If Lessor is required by law to discount any unpaid lesses payment or other sume payable by Lesses hereunder, then the parties hereto agree that the discount rate used shall be five percent (5%) annually. If any provision of the Lesse is contrary to, prohibited by, or held invalid under applicable laws or regulations or any jurisdiction in which it is sought to be enforced, then such provision shall be considered severable and inapplicable, but shall not invalidate the remaining provisions of this Lesse.

Affidavit of John Torbenson

I am a member of Nile River Leasing, LLC, which was incorporated in Arizona in 2007.

Nile River leases equipment and buildings to businesses. Nile River does not enter into lease agreements with individuals. I am the only person authorized to sign lease agreements on behalf of Nile River.

I have reviewed the attached documents of two purported lease agreements dated March 16, 2012 between Mrs. Patricia Olsen, 2126 S. Tombaugh Way, Flagstaff, AZ, lessee, and Nile River, lessor. One agreement is for an arsenic treatment building and the other agreement is for arsenic removal water treatment system.

Nile River did not enter into, or sign, either of the two lease agreements dated March 16, 2012 with Mrs. Patricia Olsen, as lessee.

My administrative assistant, Robin L. Richards, is not authorized to sign lease agreements on behalf of Nile River. I am very familiar with Ms. Richards' signature.

The signature on behalf of Nile River on both of the March 16, 2012 leases attached to this affidavit appears to be "Robin Richards". The signature on both of the March 16, 2012 lease agreements is <u>not</u> the signature of Robin L. Richards.

e and beliet, the information	ation herein is true, correct
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3	
X	3/7/13
John Lørbenson	Date
his Thomas of March 2	012 hv
nis <u>V</u> Day of March, 20	013 by
_, proved to me on the b	pasis of satisfactory evidence
e me.	
	α .
Malun Jy	11/ honor 317/13
Notory Dublic	Date Date
Notary Public	Date
	John Torbenson John Torbenson Day of March, 20 proved to me on the beam. Notary Public

My Commission Expires: 10112013

Lessor: NILB RIVER LEASING, LL.C. 9526 N. 46 TH ST.					Lease Number
PHOENIX, A	PHOENIX, AZ 83628				
Pb. (480) 607-	5800 Toll Pres (\$88) 607-6800	•			
Quantity		n, Medel II, Catalo	g #, Serial #, or	other Identific	stion .
Equipment Leased	Equipment Leased > 1—ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION — SIZE: 10 X 20 X 10 FEET.				
Equipment Location if Different	>4599 B. GOLDMINE RD., RIMRO			e ja	· · · · · · · · · · · · · · · · · · ·
Turus >	Amount of Each Payment (plus Soles or Une Tax, if applicable) > \$ 342.09	Mentily Other Specify:	Terms of Lasks >36	No. of Payments >36	Advanced Psyment/Security Deposit: > \$ 734.46

TERMS AND COMMITTIONS OF LEASE.

- 1. IZASS. Leave hunty leaves from Leaves, and Leaver beaut to Leaves, the agripment and other property described above, together with any replacement parts, additions, separat a society for the supported for any or huntered by the first throughput of the support of the suppor
- 2. ACCEPTANCS OF EQUIPARIST, Lensor agrees to impact the Equipment and to excitate an Acknowledgement and Acceptance of Equipment by Lensor action, as provided by Lensor, after the Equipment has been delivered and other Lensor its insent in this Lenso period numbers or classification in the Equipment.

 Control to the Equipment.
- 3. DESCLABAGE OF WARRANTIES AND CLABAR, LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LEGICE. Lesses solctowind agrees by Ms signature belows: finitions: (a) LEGICE MALES NO WARRANTIES RITHER EXPRESSED OF BAPLED AS TO THE CONDITION OF THE BOURMANT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE BOURMANT, (b) Lesses has the lapsopered the lapsopered the last supersymment lesses to septies and here to lesses, and the lapsopered the lapsopered the lapsopered the lapsopered to the lapsope
- 4. ASSYMMENT BY LESSES PROHIBITED. WITHOUT LESSOR'S PRICE WRITTEN CONSENT, LESSES SHALL NOT ASSON THIS LEASE OR SUBLEASE THE EQUIPMENT OR ANY INTEREST THEREIN, OR PLEOGE OR TRANSPER THIS LEASE, OR OTHER WISS DESPOSE OF THE SQUIPMENT COVERED HEREBY.
- 5. COMMENCEMENT, RENTAL PAYMENTS: INTERDIAGNITALS. This Lesses shall commence upon the written acceptance hereof by Lester and shall end upon the full performance and observance by Lester of soch and every terms, conditions and downstant early trained and upon the full performance and observance by Lester of soch and every terms, conditions and downstant early trained and upon the full performance and the performance and performance and the performance and the performance and performance and performance and the performance and the performance and performance and the performance and the performance and performance and performance and performance and performance and the performance and the performance and performance and performance and the performance and the performance and performance and performance and performance and the performance and performance a

THUS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSER.

LESSES UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, EROKER, OR AGENT OF ANY EROKER OR SUPPLIER, IS AN AGENT OF ANY EROKER OR SUPPLIER, NOR ANY SALESMAN, EROKER, OR AGENT OF ANY EROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALITER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE EROKER OR SUPPLIER, NOR ANY SALESMAN, EROKER, OR AGENT OF ANY EROKER OR SUPPLIER, SHALL, IN ANY WAY AFFECT LESSES SDUTY TO PAY THE RENTALS AND TO PERFORM LESSES ORLIGATIONS SET FOR THE LEASE.

- 6. CHOICE OF LAW. This Louis shall not be effective until signed by Louis at the principal office listed above. This Louis shall be considered to have been tasks in the State of Arizons and ghall be interpreted in accordance with the laws and regulations of the State of Arizons. Leases agrees to jurisdiction in the State of Arizons in any action, sait, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Leases agrees that venue shall be assistanted in Maricona County, Arizona.
- 7. SECURITY DEPOSIT. As security for the prompt and complete payment of the associated the Lease, and Lease, and Lease, and Lease of all its obligations under this Lease; and any extension or reasonal factor. Lease has deposled with Lease; the amount set forth in the section shows as "Becutity Deposit." In the swent any forthis shall be made in the performance of any Leases's obligations under this Lease, Leases shall have the right, but shall not be obligated, to apply the security deposit to the coning of good default. Within 13-days after Leases must not be supplied any portion of the security deposit to the successful restore and security deposit to the full amount schools defound to the security deposit of the full amount schools defound the security deposit of the full amount schools defound the security deposit of the full amount schools defound the security deposit of the full amount schools defound the security deposit or and fully performed all other provisions of this Lease, Lease, will return to the Lease any these restaining belance of said security deposit, without interest. Said security deposit may be consuminged with Leaser's other funds.
- 2. LEATED PRHARRANGED AMENERGENTS, SPECIFIC POWER OF ATTORNEY, is the event it is stonessey to amond the terms of the Lease to reflects a change in one or more of the following conditions: (a) Leaser's actual cost of providing the Equipment to Lease, or (b) A change in ranki payments, or (a) Description of the Equipment, then Leases agrees that any such amendment that he described in a letter from Leases not because which is 5 days after the date of such inter-Leases objects in writing to Leaser, this Lease shall be drawned amonded and such amendments shall be incorporated in this Lease havin set for signally set forth. Leaser granty to a specific power of storney for Leaser, to use as follows: (i) Leaser may sign and file on Leaser's beauting decisional Leaser are believed in the Equipment or partners in the Uniform Commercial Code, and (ii) Leaser may sign, endotes or negotiate for Leaser's beauting proceeds from any policy of insurance covering the Equipment.
- 9. LOCATION. The Resignment shall be loost at the location specified above, or, if some is specified, at Leases's address as set forth above and shall not be removed without Leases's prior verities consent. Notwithsteading this provision, should Leases change the location of the Resignment without first obtaining Leases's consent, then Leases shall immediately provide Leases with the new location of the Resignment.
- 10. USB. Leave shall we the Equipment is a covoid manner, sales as necessary repairs at Leave's expense, shall comply with all laws relating to its pease-sales, use, or maintenance, and shall not make any attentions, additions, or improvements made to the Equipment without Leaver's prior written consent. All additions, repairs or improvements made to the Equipment shall belong to Leaver.

LESEER ACCHOWLED/SHEETS. Lesses acknowledges the following: (a) Lesses's felf and mounts legal name is an provided on page one of this Lesses. (b) Lesses is a concention.

()/nextensible ()/neithfulmi (); (a) Lesses in (if an organization) duly organized, validity existing and in good standing moder for terms of the furniciotion set forth no page one of falls Lesses.

LESSOR HILZ ELVER LEASING, LLC.

| Milling D. 19 | Lecture
| Danie 3/16/12 | Danie 5-16-2012 | 38040

NILE RIVER LEASING, L.L.C. 9526 N. 46TH ST. Lease Number PHOBNIX, AZ 85028 Ph. (480) 607-6800 Toll Proc (888) 607-6800 Place of incorporation or organization or, if an individual, location of principal residence. Full Logal Name and Place of Business of Las PATRICIA D. OLSEN-2126 S. TOMBAUGH WAY > 2126 S. TOMBAUGH WAY FLAGSTAFF, AZ 86001 > FLAGSTAFF, A2: 86001 Quantity Description, Model #, Catalog #, Serial #, or other Identification > 1 – ARSENIC REMOVAL WATER TREATMENT SYSTEM Equipment Leased TANKS, PIPING COMPONENTS, ENGINEERING, START-UP BTC. Equipment Lecation >4599 R. GOLDMINE RD., RIMROCK, AZ 86335 4.1.1 If Different Mostaly No. of Amount of Ruch Payment (plus Terms of Advanced - ... Other Leese Tarmir Sales or Use Tax, if applicable) Payments Payment/Security Deposit 1,058.18 Specify: >60 **> 60** >\$2,271.92

THRIMS AND CONDITIONS OF LEASE

- 1. LEASS. Lesses hereby lesses from Lessor, and Lessor lesses to Lesses, the equipment and other property described shows, together with any replacement parts, additions, repeits or accesseries new or hereafter indexporated in or affilied therete (hereinafter softened to as the "Equipment").
- ACCEPTANCE OF EQUIPMENT. Leases agrees to import the Equipment and to execute an Acknowledgement and Acceptance of Equipment by Leases notice, as provided by Leaser, after
 the Equipment has been delivered and after Leases it satisfied that the Equipment is satisficatory in every respect. Leases hereby authorizes Leaser to insent in this Lease sorial numbers or other
 identifying data with regard to the Equipment.
- DESCLABMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BEHALF OF LESSOR. Lesses acknowledges and agrees by his signature below as follows: '(a): LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT; ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR: ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS, QUALITY, OR WITH RESPECT-TO ANY .: CHARACTERISTICS OF THE EQUIPMENT; (b) Lesses has the Equipment which it has requested Lesses to acquire and lesses to Lesses, and the Equipment is in good condition and to Lesses a complete satisfaction; (c) Lesses heates the Equipment "as it" and with all finits; (d) Lesses specifically acknowledges that the Equipment is lessed to Lesses, soldly fix commercial or business purposes and not for personal, family, household, or agricultural purposes; (e). LESSES SHALL HAVE NO REMEDY, FOR CONSEQUENTIAL OR INCIDENTIAL DAMAGES. AGAINSTILESSOR; and (f) NO DEFECT, DAMAGE, OR UNFTINESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSES OF THE ORLIGATION UNDER THIS LEASS.
- 4. Assignment by Lessee prohibited. Without lessor's prior written consent, lessee shall not assign this lease or sublease the equipment. Or any interest therein, or pledge or transfer this lease, or otherwise dispose of the equipment covered hereby.
- 5. COMMENCEMENT, RENTAL PAYMENTS: INTERIM RENTALS. This Lesse shall commence upon the written acceptance hereof by Lesser and shall end upon the field performance and observance by Lesser and swary term, condition and covenant set forth in this Lesse, any Schedules hereto and any extensions hereof. Rantal payments shall be in the amounts and frequency—as set forth on the first of this Lesse or any Schedules hereto. In addition to regular restels, Lesser shall pay to Lesser interim rent for the use of this Equipment prior to the doe dats of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly restal, multiplied by the number of days shapting between the date in which the Equipment is accepted by Lesses and the commencement date of this Lesse, ingelier with the mamber of days shaping between commencement of the Lesse and the due date of the first payment. The payment of interim rent shall be due and payable upon Lessee's receipt of invoice from Lesser. The rental period under the Lesse thall terminate following the last day of the term stated on the first payment, is not delivered to Lesses which is such Lesses of the Equipment, for whatever reason, is not delivered to Lesses within a statety (90) days after Lesses signs this Lesse.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT MO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY EROKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSES'S DUTY TO PAY THE RENTALS AND TO PERFORM LESSES'S OBLIGATIONS SET FORTH IN

- 6. CHOICE OF LAW. This Lease shall not be effective until signed by Lossor at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and a shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lease agrees to jurisdiction in the State of Arizona in any section, sair, arbitration or proceeding regarding fair.

 Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Leases agrees that vanue shall be maintained in Maricona County, Arizona.
- 7. SPCIRITY DEPOSIT. As scourity for the prempt and complete payment of the amounts due under this Lesse, and Lesses's complete performance of all its obligations under this Lesse, and any extension or reserval hereof, Lesses less deposited with Lessor the amount set forth in the section shows as "Security Deposit." In the event any default shell be made in the performance of any Lesses's obligations under this Lesse, Lessor shell have the right, but shall not be obligated, to apply the security deposit to the caring of such default. History after Lessor has applied any position of this lesses, the security deposit to the full amount set forth above. On the expination or entire termination or cancellation of this Lesse, or any orients and an analysis of the security deposit to the full amount set forth above. On the expination of this Lesse, or any orients and an analysis of the security deposit of the full amount set forth above. On the expination of this Lesse, and the performance of this Lesse, Lessor will set the security deposit to the full amount set forth above. On the expination of this Lesse, and the performance of the lesses and the performance and the performance of the lesses and the performance of
- E. LIMITED PREARRANGED AMENDMENTS, SPECIFIC POWER OF ATTORNEY. In the event it is necessary to amount the terms of the Lease to reflects a change in one or more of the following conditions: (a) Leasor's noticel cost of providing the Equipment to Lease, or (b) A change in rental payments, or (c) Description of the Equipment, then Leases necessary to amount shall be described in a letter from Leases on the saw within 15 days after the date of such letter Leases objects in writing to Leases, this Leases shall be described in a letter from Leases on the saw within 15 days after the date of such letter Leases objects in writing to Leases, this Leases shall be described in a letter from Leases of the same and the sam
- 9. LOCATION. The Equipment shall be kept at the location specified above, or, if some is specified, at Lesses's address as set firsts above and shall not be removed without Lesson's prior writing consent. Notwikstanding this provision, should be location of the Equipment without first obtaining Lesson's consent; then Lesses shall immediately provide Lesson with the new location of the Equipment.
- 10. USB. Leaves shall use the Hunipment in a careful marmer, make as necessary repairs at Leaves's expense, shall comply with all laws relating to its possession, use, or maistenesses, and shall not make any alternations, additions, or improvements to the Equipment without Leaves's prior written occases. All additions, repairs or improvements made to the Equipment shall baking to Leaves.
- 11. OWNERSHIP: PERSONALTY. The Equipment is, and shall remain, the property of Lescor, and Lescor shall have no right, title, or interest in the Equipment except as expressly set forth in lane.

LESSES ACKNOWLEDGELERITS. Lesses acknowledges the following: (a) Lesses's fall and accurate legal name is as provided on page one of this Lease; (b) -Lesses is a corporation ()/partnership () /individual (); (c) Lesses is (if an organization) duty organized, validly existing and in good standing under the lews of the jurisdiction set furth on page one of this Lesses.

LESSEZ, PATRICIA D. GLEZOV

LESSOR: NILE RIVER LEASING, L.L.C.

3034-0

:: :::

Affidavit of Robin L. Richards

I am employed as the administrative assistant for Nile River Leasing, LLC.

I have been employed by Nile River since 11/20/206. I work directly with Nile River member John Torbenson.

I am not authorized to sign lease agreements on behalf of Nile River.

I have reviewed the attached documents of two purported lease agreements dated March 16, 2012 between Mrs. Patricia Olsen, 2126 S. Tombaugh Way, Flagstaff, AZ, lessee, and Nile River, lessor. One agreement is for an arsenic treatment building and the other agreement is for an arsenic removal water treatment system.

I did not sign the two March 16, 2012 lease agreements on behalf of Nile River.

The signature that appears to be "Robin Richards", on behalf of Nile River, on both of the March 16, 2012 lease agreements, is <u>not my</u> signature.

I declare to the best of my knowledge and belief, the information herein is true, correct and complete.

Executed this The Day	of March, 201	3 /		
		46 chin Ly	Zichach	3/0/12
		Robin L. Richards	<u>(. we)</u>	Date
State of Arizona)			
)ss			
County of Maricopa)			
Subscribed and affirme	ad hafara ma th	is & Day of March 2	012 h	
Robin L. Rich to be the person who a	rards	, proved to me on the	basis of satisfa	actory evidence
to be the person who a	ppeared before	me.	_	•
•		bulle	hull	3 4 13
		Notary Public]	Date



My Commission Expires: 329 5

Lessor: NILE RIVER I 9526 N. 46 TH S	EASING, LLC.	-0-1			Lease Number
PHORNIX, AZ		>			
Ph. (480) 607-0	5800 Toll Free (888) 607-6800				•
FRE Lagal Name and Place of Business of Lames > PATRICIA D. OLSEN > 2126 S. TOMBAUGH WAY > PLAGSTAFF, AZ 85001			Place of incorporation or organization or, if an individual, location of principal residence. > 2126 S. TOMBAUGH WAY. > FLAGSTAFF, AZ. 86001		
Quantity	Description, Model #, Creatog #, Serial #, or other Identification				
Equipment Lensed	>1-ARSENIC BUILDING PLANT BUILDING CONSTRUCTION WITH ELECTRICAL CONNECTION - SIZE: 10 X 20 X 10 FEET.				
Equipment Location # Different	>4599 E. GOLDMINE RD., RIMROC	ж, az 86335		in the ground size. In Sign and	
Turns >	Amount of Eash Payment (plus Sales or Use Titx, If applicable) > \$ 342.09	Afnothly Other Specify:	Terms of Lanks >36	No. of Payments >36	Advanced Pryment/Security Deposit: > \$ 734.46

TERMS AND CONDITIONS OF LEASE.

- 1. IBASS. Leure hundry leages from Lancer, and Loncer leaves to Lances, the egripment and other property dissertined above, together with any replacement parts, additions, require as accumular new or lanced in leavest leaves from the distribution of the Businesses. The companies new or lanced in leavest leaves from the distribution of the Businesses.
- 2. ACCEPTANCEOFEQUIPACINE Lesses agrees to impact the Equipment and to assess an Acknowledgement and Accordance of Equipment by Lesses action, as provided by Lesses, after the Equipment in the Sprigment has been delivered and after Lesses & substitute the Equipment in settleberry to every respect. Lesses brooky artificates Lesses to impert in this Lease paried numbers or other identifying data with regard to the Equipment.
- 3. DESCLABARE OF WARRANTIES AND CLARAR, LINGTATION OF REMEMBER. THEFE ARE NO WARRANTIES BY OR ON REFLAID OF LEGICE. Lesses automaticipes and agreed by the eigeness below-at figures. (a) LESSOR MAKES NO WARRANTIES RITHER EUFFRESSED OR Reflagd AS TO THE CONDITION OF THE SQUEMENT, ITS MERCHANTABILITY, ITS FITHERS OR SUTTABILITY FOR ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CAPACITY, ITS QUALITY, OR WITH RESPECT TO ANY CHARACTERISTICS OF THE EQUIPMENT; (b) Lesso has hely improved the Equipment which has requested Lessor to acquire and hear to Lesses, and the Equipment is no of condition and to Lesson's complete satisfaction; (c) Lesso lesses the Equipment "he is" and with all finds; (d) Lesso specifically actual values of the Descended to Lessor solely-for commercial or bestiness purposes and not the personal, family, household, or engineering purpose; (e) LESSES SHALL HAVE NO REMEMBY FOR CONSEQUENTIAL OR INCLIDENTAL DAMAGES. AGAINST LESSOR; sed (1) NODERFECT, DAMAGE, OR UNITHINGS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSES OF THE CHARGATION TO PAY RENT CR. RELIEVE LESSES OF ANY OTHER CHARACTON TO PAY RENT CR.
- 4. Assignment by Lreseb prohibited. Without leison's prior written consent, lesses shall not assign this lease or sublease the equepment or any interest therein, or pleage or transfer this lease, or otherwise dispose of the equepment covered hereby.
- 5. COMMENCEMENT, RENTAL PAYMENTS: INTERIM RENTALS. This Lesse shell commence upon the written acceptance between the Lesses and shell end upon the full performance and observance by Lesses of each and every term, condition and coverant set forth is this Lesse, any declarable heartest and any extensions hereof, Rental payments shall be in the amounts and dropments; as set forth on the face of this Lesses or many Schedules between trents, Lesses shall pay to Lesses interim rent for the use of the Equipment price to the date of the first payment. Interim rent shall be in an amount open to 120th of the mouthly rental, unliquided by the number of days chapting between the date in which the Equipment in accepted by Lesses and the commencement date of this Lesse, together with the number of days clapsing between commencement of the Lesse and the date of the first payment. The payment of instrument shall be fet and payable upon Lesses, are recipit of invokes from Lesses. The restrict payment classes the last and the day of the sem stated on the face hereof or in any Schedule hereto unless such Lesses and the days after Lesses and ended or otherwise modified, Lesses shall have no obligation to Lesses under this Lesses if the Equipment, for whotever reason, is not delivered to Lesses within the type of the units and the days after Lesses signs that Lesses.

THUS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSER.

LESSES THE SELECTION AND ACCOMMANDICES THAT NO BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AN AGENT OF ANY EROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY PROKER OR SUPPLIER, BY ANY SALESMAN, BROKER, OR AGENT OF ANY PROKER OR SUPPLIER, BY THE BROKER OR SUPPLIER, BY SALESMAN, BROKER, OR AGENT OF ANY PROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSES SOUTY TO PAY THE RENTALS AND TO PERFORM LESSES OBLIGATIONS SET FORTH IN THIS LEASE.

- 6. CHOICH OF LAW. This Lease shell not be effective until eigend by Leaser at its principal office limited above. This Lease shell be considered to have been made in the State of Arizona and shall be interpreted in necessary sortion, sult, arbitration or proceeding regarding this Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Leases agrees that versus shell be seminationed in Maricopa County, Arizona.
- 7. SECURITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lesse, and Lesses's complete perfectances of all its obligations under this Lesse; and my extension or removed hereof. Lesses has deposited with Lesser the amount set forth in the section shows as "Security Deposit." In the event any default that I be made in the performance of any Lesses's obligations under this Lesses, Lesser shall not be sidely and to each year shall not be such as a position of the security deposit to the suring of good default. Withis 15 days after Lesser minimates to the Lesses as a position of the security deposit to the suring of good default. Withis 15 days after Lesser minimates or causal and the security deposit to the suring of good default. Withis 15 days after Lesser minimates or causal security deposit to the full amount set forth above. On the expansion or carried on and fully performed all other provisions of this Lesse, as any extension or removal hereof, provided Lesses has pelid all of the rest called for and fully performed all other provisions of this Lesser, Lesser will return to the Lesser set flows and the provision of the security deposit, without interest. Said security deposit may be constrained of with Lesser's other fluids.
- t. LIMITED PRHARRANGED AMENDMENTS; SPECIFIC POWER OF ATTORNEY, in the event it is necessary to mend the terms of the Lease to reflects a change in one or more of the following conditions: (a) Leasor's actual cost of providing the Engineer; to Lease, and the interest is provided in a leaser from Leases, and relates within 15 does that is Lease objects in virting to Leaser, that Lease atmodes amended and so the related in a leaser from Leaser, that Lease have atmoded amended and such advantage of the decrease objects in virting to Leaser, that Lease atmodes atmoded and such an advantage of the successor of the decrease objects in virting to Leaser, the lease such itself as each of the decrease objects in virting to Leaser, that lease atmodes atmoded and such as the decrease objects in virting to Leaser, that lease at the actual to the successor of the leaser of the leaser at the leaser at the successor of the leaser at the lease
- 9. LOCATION. The Equipment shall be kept at the location specified above, or, if some is specified, at Lease's address as set forth above and shall not be removed without Leaser's prior writing consent. Notwithstanding this provision, should Leaser change the location of the Equipment.
- 10. USE. Leave shall use the Equipment in a country manner, such as accountry repairs at Leaves's experter, shall comply with all laws relating to its possession, use, or maintenance, and shall not make any alternations, additions, repairs or improvements made to the Equipment without Leaver's prior written consent. All additions, repairs or improvements made to the Equipment without Leaver's prior written consent. All additions, repairs or improvements made to the Equipment without Leaver's prior written consent.
- 11. OWNERSHIP; PERSONALTY. The Equipment is, and shall require, the property of Lessor, and Lessoe shall have no right, this, or interest in the Equipment except as expressly not furth in this Lesso.

LESSIE ACIONOWIEDGENERITS. Laure scinowindges the following: (a) Lesses's fell and accurate legal name is an provided on page one of this Lesse. (b) Lesses is a concention ()/partnership ()/ indipolant (); (c) Lesses is (if no organization) duly organized, validly existing and in good standing under the lesses of the jurisdiction set forth no page one of this Lesse.

LESSEE PATRICIA D. OFFIN

LESSOR: NILE RIVER LEASING, L.L.C.

3040

Lessor	NILE RIVER 9526 N. 46 TH S	Leasing, L.L.C.	Lease Number			
ł	PHOENIX, AZ	2 85028				>
l	Ph. (480) 607-	6800 Toll Proc (888) 607-6800	<i>,</i>			
> 2126	Full Log LICIA D. OLSER S. TOMBAUCH ISTAPP, AZ. 86	WAY .	190	indiv > 2126 S. TO		
:- Q	eantity	· Description	n, Model #, Catalo	#, Serial #, or	other Identific	ation
Equip	ment Leased	> I - ARSENIC REMOVAL WATE TANKS, PIPING COMPONEN			BTC.	ragina di Santa di S Santa di Santa di San
	ent Location . Different	>4599 B. GOLDMINE RD., RIMRO		. :	a a air . , air	
> .	Ternis .	Amount of Each Payment (plus Sales or Use Tax, if applicable) > \$ 1,058.18	Monthly Other Specify:	Terms of Lease >60	No. of Payments > 60	Advanced Payment/Security Deposit > \$2,271.92

TERMS AND CONDITIONS OF LEASE

- 1. LEASH. Lease hereby leases from Leaver, and Leaver insure to Leaves, the equipment and other property described above, ingether with may replacement parts, additions, repekts or accesseries now or hereafter independent in or affiliad therete (hereineller suftered to as the "Equipment").
- 2. ACCEPTANCE OF RQUIPMENT: Leases agrees to impact the Equipment and to execute an Anknowledgement and Acceptance of Equipment by Leases agree to impact the Equipment has been delivered and after Leases it satisfied that the Equipment is satisfied tory in every respect. Leases hereby authorizes Leases to knext in this Lease serial numbers or other identifying data with regard to the Equipment.
- 3. DISCLABMER OF WARRANTIES AND CLAIMS; LIMITATION OF REMEDIES. THERE ARE NO WARRANTIES BY OR ON BRHALF OF LESSOR. Lasses asknowledges and agrees by his signature below as follows: "(a): LESSOR MAKES NO WARRANTIES EITHER EXPRESSED OR IMPLIED AS TO THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, ITS FITNESS OR SUITABILITY FOR: ANY PARTICULAR PURPOSE, ITS DESIGN, ITS CARACITY, ITS QUALITY, 'OR WITH RESPECT TO ANY CHARACITERISTICS OF THE EQUIPMENT, (b) Lesses has the Equipment his insected to acquire and leave to Lesses, and he Equipment is and condition to Lesses's complete satisfaction; (c) Lesses has after Equipment "as it" and with all finds; (d) Lesses performs and not for personal, family, household, or agricultural purposes; (e). LESSES SHALL HAVE NO REMEDY FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES. "AGAINSTILESSOR; and (f) NO DEFECT, DAMAGE, OR UNFTINESS OF THE EQUIPMENT FOR ANY PURPOSE SHALL RELIEVE LESSES OF THE OBLIGATION TO PAY RENT OR. RELIEVE LESSES OF ANY OTHER OBLIGATION UNDER THIS LEASS.
- 4. ASSEMBENT BY LESSES PROHIBITED. WITHOUT LESSOR'S PRIOR WRITTEN CONSENT, LESSES SHALL NOT ASSON TELS LEASE OR SUBLEASE THE BOURMENT. OR ANY INTEREST THEREIN, OR PLEDGE OR TRANSFER THIS LEASE, OR OTHERWISE DISPOSE OF THE EQUIPMENT COVERED HEREBY.
- 5. CCRAMENCEMENT, RENTAL PAYMENTS: INTERIM RENTALS. This Lesse shall commence upon the switten acceptance hereof by Lesses and shall end upon the fail performance and decreases of each and every term, condition and covenant sot forth in this Lesse, any Solecules hereto and any extensions hereof. Result payments shall be in the amounts and frequency as set forth on the fine of this Lesse or any Schedules hereto. In addition to regular rents is, Lesses that pay to Lesses interim rent for the use of the Equipment prior to the due date of the first payment. Interim rent shall be in an amount equal to 1/30th of the monthly rental, multiplied by the number of days obspring between the date in which the Equipment is accepted by Lesses and the occasion contained and of this Lesse, together with the number of days elspaing between commencement of the Lesse and the due date of the first payment. The payment of interim rent shall be the and payable upon Lesses a receipt of invoice from Lesser. The revisal period under the Lesse thall terminate following the last day of the term stated on the face on the first payment, is not delivered to Lesses within a substance of schedule has been extended or otherwise modified, Lessor shall have no obligation to Lessee under this Lesse if the Equipment, for whatever renson, is not delivered to Lesses within a sizety (90) days after Lesses signs this Lesse.

THIS LEASE IS NOT CANCELABLE OR TERMINABLE BY LESSEE.

LESSEE UNDERSTANDS AND ACKNOWLEDGES THAT NO BROKER OR SUPPLIER, WOR ANY SALESMAN, BROKER, OR AGENT OF ANY ERCKER OR SUPPLIER, IS AN AGENT OF LESSOR OR BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, IS AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE, AND NO REPRESENTATION AS TO THE EQUIPMENT OR ANY OTHER MATTER BY THE BROKER OR SUPPLIER, NOR ANY SALESMAN, BROKER, OR AGENT OF ANY BROKER OR SUPPLIER, SHALL IN ANY WAY AFFECT LESSEE'S DUTY TO PAY THE RENTALS AND TO PERFORMLESSEE'S OBLIGATIONS SET FORTH IN THIS LEASE.

- fi. CEORCE OF LAW. This Lease shall not be effective until algood by Leaser at its principal office listed above. This Lease shall be considered to have been made in the State of Arizona and shall be interpreted in accordance with the laws and regulations of the State of Arizona. Lease agrees to jurisdiction in the State of Arizona in any action, suit, arbitration or proceeding regarding this.

 Lease. In the event of any legal action with regard to the Lease or the Equipment covered hereby, Lease agrees that vanue shall be maintained in Maricopa County, Arizona.
- 7. SSCURITY DEPOSIT. As security for the prompt and complete payment of the amounts due under this Lesse, and Lesses's complete performance of all its obligations under this Lesse, and any actuation of renewal beroof, Lesses has deposited with Lesses the amount set forth in the section shown as "Security Deposit." In the event any default shall be made in the performance of any Lesses's obligations under this Lesse, Lessor, shall have the right, but thall not be obligated, to apply the security deposit to the caring of such default. Lesses, the lesses that lesses that lesses that lesses and restore has applied any portions of this security deposit on the full amount at forth above, on the expination or earlier termination or cancellation of this Lesse, or any actuations or renewal hereof, provided Lesses had restore that and fully performed all other provisions of this Lesse, Lessor will return to the Lesses any thou remaining belance of said security deposit, without interest. Said accurity deposit may be comminged with Lessor's other funds.
- 2. LIMITED PREARRANGED AMENUMENTS, SPECIFIC POWER OF ATTORNEY. In the event it is necessary to assend the terms of the Lease to reflects a change in one or more of the following-conditions: (a) Leases's actual cost of providing the Equipment to Leases, or (b) A change in restal payments, or (c) Description of the Equipment, then Leases agrees that any such assendment shall be described in a letter from Leaser to Leases, and unless within 15 days after the date of such letter Leases objects in writing to Leaser, this Lease thall be described and such assendments shall be incorporated in this Lease herein as if originally set forth, Leases great before a specific power of alterney for Leasor rays sign and file on Leases's behalf any document Leasor deems necessary to perfect or protect Leasor's interest in the Equipment or pursuant to the Uniform Commercial Code, and (ii) Leasor may sign, enforces or associate for Leasor's benefit any instrument representing proceeds from any policy of insurance covering the Equipment.
- 9. LOCATION. The Equipment shall be kept at the location specified above, or, if none is specified, at Lesses's address as set forth above and shall not be removed without Lesses's prior written consent. Notwinstanding this provision, should Lesses change the focution of the Equipment without first obtaining Lesses's consent; then Lesses shall instead provide Lesses with the new location of the Equipment.
- 10. USEL Leases shall use the Equipment in a careful manner, make as necessary repairs at Leases's exponse, shall comply with all lews relating to its possession; use, or sasistonance, and shall—not make any alternations, and distinct, or improvements to the Equipment shall belong to Leases.
- 11. OWNERSHIP, PERSONALTY. The Equipment is, and shall remain, the property of Lesson, and Lesson shall have no right, title, or interest in the Equipment except as expressly set forth in . this Lesson.

LESSES ACKNOWLEDGEMENTS. Lesses is closewisdges the following: (a) Lesses's this and accurate legal name is as provided on page one of this Lesses's a composition (b) fundividual (c) (a) Lesses is (if an organization) duty organized, validly axisting and in good standing under the laws of the jurisdiction set forth on page one of this Lesse.

LESSOR: NILE RIVER LEASING, L.L.C.

Service of the servic

1.16:2012

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3455 S. 344th Way, Suite 300 Federal Way, WA 98001

Post Office Box 4568 Federal Way, WA 98063-4568

253.568.6000

Facsimile 253.568.2222

E-mail: finpac@finpac.com

www.finpac.com

March 7, 2013

John E. Dougherty PO BOX 501 Rimrock, AZ 86335

Re: Docket No. W-04254A-11-0323 / Montezuma Rimrock Water Company, LLC

Mr. Dougherty,

Enclosed is the complete lease agreement for contract number 001-0796680-001. Please note the verbiage on our UCC states the agreement was dated April 3, 2012, however this is the date the agreement was booked. As you can see on page 5 of the agreement, the lease was actually dated March 22, 2012. The front page of the agreement has a typed date of 4/22/12. It is our policy to use the date on the confirm call to fill in any date fields left blank at the time of signing. I have included a copy of the confirm call for your reference.

The enclosed lease agreement is the only lease agreement we have on file for Montezuma Rimrock Water Company. The agreement you provided with a typed date of 5/2/2012 appears to be an unauthorized modified version of the original. We did not type the date of 5/2/2012 on this agreement. The lease you sent me is also missing page 5 of the agreement.

I have also included one email and attachment that was sent to Patricia regarding the insurance requirements.

Thank you,

Dawn Pearce

Legal Department

253-568-6141

dpearce@finpac.com

•



3455 S. 344th Way, Suite 300 Federal Way, WA 98001

Post Office Box 4568 Federal Way, WA 98063-4568

253.568.6000

Facsimile 253.568.2222

E-mail: finpac@finpac.com

www.finpac.com

March 22, 2013

John E. Dougherty PO BOX 501 Rimrock, AZ 86335

Re: Docket No. W-04254A-11-0323 / Montezuma Rimrock Water Company, LLC

Mr. Dougherty,

Enclosed is the complete lease agreement for contract number 001-0796680-001. Please note the verbiage on our UCC states the agreement was dated April 3, 2012, however this is the date the agreement was booked. As you can see on page 5 of the agreement, the lease was actually dated March 22, 2012. The front page of the agreement has a typed date of 4/2/12. It is our policy to use the date on the confirm call to fill in any date fields left blank at the time of signing. I have included a copy of the confirm call for your reference.

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I have also included one email and attachment that was sent to Patricia regarding the insurance requirements.

Thank you,

Dawn Pearce

Legal Department

253-568-6141

dpearce@finpac.com